

General Guidelines

References: Section 89 of the Taxation Act, 2007.

This publication provides general guidelines on the apprenticeship training tax credit (ATTC) and replaces the ATTC publication dated December 2013. It provides general information only and does not replace the Taxation Act, 2007 (TA) and its regulations.

The 2015 Ontario Budget introduced changes to the ATTC for expenditures related to apprentices who began an apprenticeship program on or after April 24, 2015. This publication has been updated to reflect these changes.

General

For apprenticeship programs that commenced **on or after April 24, 2015**, the ATTC reimburses employers 25 per cent of eligible expenditures. Small businesses are eligible for a higher credit rate of 30 per cent. The maximum annual amount of the tax credit is \$5,000 per qualifying apprenticeship during the first 36 months of an apprenticeship program.

For apprenticeship programs that commenced **before April 24, 2015** and in respect of eligible expenditures incurred **after March 26, 2009**, the ATTC reimburses employers 35 to 45 per cent of eligible expenditures paid during the first 48 months of an apprenticeship program to a maximum annual credit of \$10,000 per qualifying apprenticeship.

How does the tax credit work?

In a taxation year, for each qualifying apprenticeship that is an apprenticeship program that commenced **on or after April 24, 2015**, an eligible employer may claim a refundable tax credit for eligible expenditures equal to the lesser of:

- 25 per cent (30 per cent for small businesses) of the eligible expenditures made in respect of that apprenticeship, and
- \$5,000.

For each qualifying apprenticeship that is an apprenticeship program that commenced **before April 24, 2015**, an eligible employer may claim a refundable tax credit for eligible expenditures incurred **after March 26, 2009** equal to the lesser of:

- 35 per cent (45 per cent for small businesses) of the eligible expenditures made in respect of that apprenticeship, and
- \$10,000.

The maximum amount of the tax credit is calculated using the following formula:

$(\$10,000 \times D/Y) + (\$5,000 \times E/Y)$ in which,

'D' is the total number of days in the taxation year that the apprentice was employed by the taxpayer as an apprentice in a qualifying apprenticeship:

- a. in an apprenticeship program that commenced **before April 24, 2015** and were **after March 2009**, and
- b. within the **first 48 months** of the commencement of the apprentice in the apprenticeship program

'E' is the total number of days in the taxation year that the apprentice was employed by the taxpayer as an apprentice in a qualifying apprenticeship:

- a. in an apprenticeship program that commenced **on or after April 24, 2015**, and
- b. within the **first 36 months** of the commencement of the apprentice in the apprenticeship program, and

'Y' is 365 days or, if the taxation year includes February 29, 366 days.

The eligible employer's total tax credit for the taxation year is equal to the sum of the tax credits for each qualifying apprenticeship. The tax credit amount is taxable and must be included in income in the tax year received.

Example 1

Facts:

- Apprentice commenced the apprenticeship on June 1, 2015.
- Apprentice began employment on January 1, 2016.
- Employer's taxation year is January 1, 2016 to December 31, 2016.

Solution:

The apprentice was employed for a total of 366 days during the employer's 2016 taxation year.

'D' = 0, number of days in the taxation year that the apprentice was employed in a qualifying apprenticeship in an apprenticeship program that commenced **before April 24, 2015** and were **after March 2009, and within the first 48 months** of the commencement of the apprenticeship program.

'E' = 366, number of days in the taxation year that the apprentice was employed in a qualifying apprenticeship in an apprenticeship program that commenced **on or after April 24, 2015** (i.e., June 1, 2015), **and within the first 36 months** of the commencement of the apprenticeship program (i.e., from June 1, 2015 to May 30, 2018).

'Y' = 366 days in the 2016 taxation year.

Maximum amount

$$\begin{aligned} &= (\$10,000 \times D/Y) + (\$5,000 \times E/Y) \\ &= (\$10,000 \times 0 \text{ days} / 366 \text{ days}) + (\$5,000 \times 366 \text{ days} / 366 \text{ days}) \\ &= \$5,000 \end{aligned}$$

In this example, the maximum amount of the ATTC for the 2016 taxation year is \$5,000.

What is a small business?

Apprenticeship programs that began on or after April 24, 2015

A small business is a corporation, partnership, or an individual with one or more unincorporated businesses, with a total payroll in the previous year of \$400,000 or less. For eligible expenditures in respect of an apprenticeship program that commenced **on or after April 24, 2015**, small businesses are entitled to the ATTC at **30 per cent**.

Taxpayers with payrolls of \$600,000 or more are entitled to the ATTC at **25 per cent**.

For taxpayers who have payrolls greater than \$400,000 but less than \$600,000 in their preceding taxation year, the ATTC rate is gradually reduced under the following formula:

$$\text{ATTC rate} = 0.25 + 0.05 \times [1 - (\text{CC}/200,000)] \text{ in which,}$$

'CC' is the total amount of salaries or wages paid by the taxpayer in the previous taxation year that is in excess of \$400,000.

Apprenticeship programs that began before April 24, 2015

For eligible expenditures incurred **after March 26, 2009** in respect of an apprenticeship program that commenced **before April 24, 2015**, a small business with a total payroll in the previous taxation year of \$400,000 or less is entitled to the ATTC at **45 per cent**.

Taxpayers with payrolls of \$600,000 or more are entitled to the ATTC at **35 per cent**.

For taxpayers who have payrolls greater than \$400,000 but less than \$600,000 in their preceding taxation year, the ATTC rate is gradually reduced under the following formula:

ATTC rate = $0.35 + 0.10 \times [1 - (BB/200,000)]$ in which,

'BB' is the total amount of salaries or wages paid by the taxpayer in the previous taxation year in excess of \$400,000.

Example 2

Facts:

- Employer's total salaries in the previous taxation year were \$300,000.
- Apprentice commenced the apprenticeship on October 1, 2014.
- Apprentice began employment on January 1, 2015.
- Employer's taxation year is January 1, 2015 to December 31, 2015.
- Apprentice's wages were \$650 per week.

Solution:

The apprentice was employed for a total of 52 weeks. Since the corporation's salaries were less than \$400,000 and the apprenticeship program commenced **before April 24, 2015** (i.e., October 1, 2014), and the eligible expenditures were incurred after March 26, 2009 (i.e., January 1, 2015 to December 31, 2015), the taxpayer is entitled to the credit at the rate of **45 per cent**.

The credit is equal to the **lesser** of:

- **\$15,210** = $(\$650 \times 52 \text{ weeks} \times 45 \text{ per cent})$, and
- **\$10,000**, the maximum amount of the ATTC for expenditures in respect of an apprenticeship program that commenced before April 24, 2015 (i.e., October 1, 2014) and that was after March 2009, and **within the first 48 months** of the apprenticeship program (i.e., October 1, 2014 to September 30, 2018).

In this case, the maximum amount is less than the calculated amount of the credit. Therefore, the tax credit available for the 2015 taxation year is **\$10,000**.

Example 3

Calculation of the ATTC where the employer's small business enhancement is gradually phased out.

Facts:

- Employer's total salaries in the previous taxation year were \$500,000.
- Apprentice commenced the apprenticeship on June 1, 2015.
- Apprentice began employment on January 1, 2016.
- Employer's taxation year is January 1, 2016 to December 31, 2016
- Apprentice's wages were \$650 per week.

Solution:

The apprentice was employed for a total of 52 weeks. In this example, as the apprentice was employed in an apprenticeship program that commenced **on or after April 24, 2015** (i.e., June 1, 2015), the **first 36 months** of the apprenticeship program qualify for the tax credit.

The employer's payroll in the preceding taxation year was greater than \$400,000 but less than \$600,000. The ATTC rate is gradually reduced under the following formula:

- For eligible expenditures incurred in respect of an apprenticeship program that commenced **on or after April 24, 2015**, the ATTC rate = **27.5 per cent** calculated as follows:
 - $0.25 + 0.05 \times [1 - (100,000 \text{ excess amount} / 200,000)] = 0.275$

The ATTC is the lesser of:

- **\$9,295** = (.275 as calculated above × \$650 × 52 weeks), and
- **\$5,000**, the maximum amount of the ATTC for the employer's taxation year (from Example 1).

In this case, the maximum prorated amount of the ATTC is the less than the calculated amount. Therefore, the tax credit available for the 2016 taxation year is equal to **\$5,000**.

What is an eligible expenditure?

Eligible expenditures are salaries and wages, including taxable benefits (i.e., amounts generally reported on the apprentice's T4 slip) paid or payable to an apprentice in a qualifying skilled trade for services performed by the apprentice for the corporation or unincorporated business.

Eligible expenditures also include fees paid or payable to an employment agency by a corporation or unincorporated business for services performed by the apprentice in a qualifying apprenticeship.

An eligible expenditure incurred in respect of an apprenticeship program that commenced **on or after April 24, 2015**, must be for services provided by the apprentice to the taxpayer during the **first 36 months** of the apprenticeship program.

An eligible expenditure incurred **after March 26, 2009**, and in respect of an apprenticeship program that commenced **before April 24, 2015**, must be for services provided by the apprentice to the taxpayer during the **first 48 months** of the apprenticeship program.

All eligible expenditures must be attributable to an Ontario permanent establishment (place of business) and must be reasonable in the circumstances.

An amount is not an eligible expenditure if it was paid for services performed before the training agreement or contract of apprenticeship was registered under the Ontario College of Trades and Apprenticeship Act, 2009 or a predecessor of that Act (i.e., Apprenticeship and Certification Act, 1998 or Trades Qualification and Apprenticeship Act).

The same expenditures cannot be claimed for both the ATTC and the Co-operative Education Tax Credit.

Government assistance received in respect of the apprentice will reduce the amount of the expenditure eligible for the credit. Government assistance means assistance in any form from a government, municipality or other public authority.

This includes a grant, subsidy, forgivable loan, deduction from tax or investment allowance. It does not include the following:

- An Ontario research and development tax credit deduction under section 39 of the TA.
- A qualifying environmental trust tax credit under section 87 of the TA.
- A co-operative education tax credit under section 88 of the TA.
- An apprenticeship training tax credit under section 89 of the TA.
- An Ontario computer animation and special effects tax credit under section 90 of the TA.
- An Ontario film and television tax credit under section 91 of the TA.
- An Ontario production services tax credit under section 92 of the TA.
- An Ontario interactive digital media tax credit under section 93 of the TA.
- An Ontario sound recording tax credit under section 94 of the TA.
- An Ontario book publishing tax credit under section 95 of the TA.
- An Ontario innovation tax credit under section 96 of the TA.
- An Ontario business-research institute tax credit under section 97 of the TA.

- A Canadian film or video production tax credit under section 125.4 of the Income Tax Act (Canada).
- A film or video production services tax credit under section 125.5 of the Income Tax Act (Canada).
- An investment tax credit under section 127 of the Income Tax Act (Canada).

Who is an eligible employer for the purposes of this tax credit?

Corporations with permanent establishments in Ontario subject to Ontario corporate income tax are eligible.

All sole proprietors filing Ontario personal income tax returns whose unincorporated business has a permanent establishment in Ontario are eligible.

A corporation or unincorporated business that pays a fee to an employment agency for the services of an apprentice is deemed to be the eligible employer and to employ the apprentice, not the employment agency. As well, the corporation or unincorporated business is deemed to be participating in the apprenticeship program with the apprentice, not the employment agency.

Members of a partnership may share the ATTC for each qualifying apprenticeship. Limited partners are not entitled to this credit. However, the general partners of a limited partnership are entitled to share the credit.

What is a qualifying apprenticeship?

A qualifying apprentice must meet the following conditions:

- The apprenticeship is in a qualifying skilled trade.

The eligible employer, or the eligible employer acting through a union or a local or joint apprenticeship committee, and the apprentice are participating in an apprenticeship program in which the training agreement or the contract of apprenticeship has been registered under the Ontario College of Trades and Apprenticeship Act, 2009 or a predecessor of that Act. A qualifying apprenticeship is deemed to end on the earlier of:

- The date on which the apprentice is entitled to receive the appropriate certificate under the Ontario College of Trades and Apprenticeship Act, 2009 or a predecessor of that Act.
- The date, if any, on which the training agreement or contract of apprenticeship is cancelled, suspended or revoked.

What is a qualifying skilled trade?

A qualifying skilled trade is an apprenticeship trade that is regulated under the Ontario College of Trades and Apprenticeship Act, 2009 or a predecessor of that Act and has been designated by the Minister of Finance. See **Appendix A** for a list of qualifying skilled trades.

What is an apprenticeship program?

An apprenticeship program means a program to which the Ontario College of Trades and Apprenticeship Act, 2009 or a predecessor of that Act applies or applied.

How do I claim the tax credit?

Eligible corporations claim the tax credit on schedule T2SCH552 of their T2 Corporation Income Tax Return. Eligible employers operating unincorporated businesses claim the tax credit on **Form ON479 - Ontario Credits** included in their personal income tax return. Members of a partnership claim their share of the ATTC on their corporate or personal tax returns.

Employers may claim a previous year's tax credit or change the amount previously claimed by requesting an amendment to their tax return. Incorporated businesses must send a written reassessment request to the Canada Revenue Agency's tax centre that serves the corporation. The request needs to include the name of the corporation, the Business Number, the tax year and any details that apply. Relevant supporting information, such as revised financial statements and schedules, need to be attached. A Canadian-controlled private corporation must make its request within three years of the initial assessment of the tax return. Other corporations must make their request within four years of the initial assessment of the tax return. More information is available on the Canada Revenue Agency's webpage titled **Requesting a reassessment of your T2 return**.

Operators of unincorporated businesses requesting an amendment to a previous tax year should follow the instructions provided in the Canada Revenue Agency **general income tax and benefit package** or call the nearest Canada Revenue Agency office for assistance.

How do employers support their tax credit claims?

Although not required to be submitted with their tax return, eligible employers must keep a copy of the training agreement or contract of apprenticeship. The agreement or contract shows that the services are provided by the apprentice to the employer, the apprentice is in a qualifying skilled trade (as identified by the name and code listed in **Appendix A**) and it provides the commencement date of the apprenticeship. For the purpose of the ATTC, the apprenticeship program is deemed to commence on the date the training agreement or contract of apprenticeship is registered under the Ontario College of Trades and Apprenticeship Act, 2009 or a predecessor of that Act.

If the agreement or contract is between the apprentice and a union or a local or joint apprenticeship committee, the employer should obtain a copy of the agreement or contract from the union or the apprentice when employment begins. This agreement or contract, along with the corporation's or unincorporated business's payroll records, are required to support an employer's claim to the tax credit.

If the agreement or contract is between the apprentice and an employment agency, the corporation or unincorporated business should obtain a copy of the agreement or contract from the employment agency or apprentice when employment begins. This agreement or contract, together with documentation from the employment agency that sets out the fees paid to the employment agency, are required to support the employer's claim for the tax credit.

For more information

For more information on the apprenticeship program including apprenticeship trades, trade codes and how to register, or on the transitional support for employers of contact centre apprentices, call the Ministry of Training, Colleges and Universities at 1 800 387-5656.

For general tax enquiries regarding this tax credit, contact the Canada Revenue Agency at 1 800 959-5525, 1 800 665-0354 for teletypewriter (TTY) or visit www.cra.gc.ca.

Cette publication est disponible en français sous le titre « Crédit d'impôt pour la formation en apprentissage : Directives générales ». Vous pouvez en obtenir un exemplaire en appelant le 1 866 ONT-TAXS (1 866 668-8297) ou en visitant ontario.ca/finances.

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Appendix A

Service Trades

237s Pool/Hot Tub/Spa Service Technician

237t Pool/Hot Tub/Spa Installer

240p Parts Technician

416e Electronic Service Technician

630a Micro-Electronics Manufacturer

631a Network Cabling Specialist

634a Information Technology – Contact Centre – Technical Support Agent^[**] (see note below)

634b Information Technology Hardware Technician^[**]

634c Information Technology Network Technician^[**]

634d Information Technology – Contact Centre – Inside Sales Agent^{[**][1]} (see note below)

634e Information Technology – Contract Centre – Customer Care Agent^{[**][1]} (see note below)

Note: Effective for expenditures incurred after March 31, 2014, trade numbers 634a, 634d and 634e will not be qualifying skilled trades and will not be eligible for the ATTC.

The 2013 Ontario Economic Outlook and Fiscal Review announced that the government will provide qualifying employers with some transitional support. Transitional support will be available for employers who hired eligible apprentices in the three affected trades before May 3, 2013, and will last for up to 24 months from the date the apprentices were hired. This funding will help these apprentices complete their training.

For more information, contact the Ministry of Training, Colleges and Universities at 1 800 387-5656.

Motive Power Trades

274l Automotive Glass Technician

282e Powered Lift Truck Technician

295a Tire Wheel and Rim Mechanic

310b Auto Body Collision Damage Repairer, Branch 1

310c Fuel and Electrical Systems Technician

310d Transmission Technician

310e Alignment & Brakes Technician

310g Motorcycle Technician

310j Truck Trailer Service Technician

310k Automotive Electronic Accessory Technician

310q Auto Body Repairer, Branch 2

310s Automotive Service Technician

310t Truck and Coach Technician

410k Motive Power Machinist

410n Automotive Painter

421a Heavy Duty Equipment Technician

421c Turf Equipment Technician

425a Agricultural Equipment Technician

435a Small Engine Technician^[**]

435b Marine Engine Technician^[**]

690h Recreation Vehicle Technician

Construction Trades

241a Terrazzo Tile & Marble Setter

244g Cement (Concrete) Finisher^[**]

244h Restoration Mason

244k Precast Concrete Erector

244l Precast Concrete Finisher

253a Heat and Frost Insulator

253h Hazardous Material Worker^{[**][2]}

296a Native Residential Construction Worker

306a Plumber

307a Steamfitter

308a Sheet Metal Worker

308r Residential (low Rise) Sheet Metal Installer^{[**][3]}

309a Electrician-Construction and Maintenance

309c Electrician-Domestic and Rural

313a Refrigeration & Air Conditioning Systems Mechanic

313d Residential Air Conditioning Systems Mechanic^[**]

339a Hoisting Engineer – Mobile Crane Operator Branch 1^[**]

339b Hoisting Engineer-Tower Crane Operator

339c Hoisting Engineer – Mobile Crane Operator Branch 2^[**]

401a Brick & Stone Mason

401r Refractory Mason^{[**][4]}

403a General Carpenter

404c Painter & Decorator-Commercial & Residential

404d Painter and Decorator-Industrial

419a Cement Mason

420a Ironworker – Structural and Ornamental^[**]

420b Ironworker Generalist Branch 1^{[**][5]}

424a Architectural Glass and Metal Technician^[**]

426a Construction-Millwright

427a Sprinkler and Fire Protection Installer

428a Construction-Boilermaker

434a Powerline Technician^[**]

448a Floor Covering Installer

449a Roofer

450a Construction Craft Worker

451a Drywall Acoustic/Lathing Applicator

452a Reinforcing Rodworker

453a Drywall, Finisher and Plasterer

455a Exterior Insulated Finish Systems Mechanic^{[***][6]}

636a Heavy Equipment Operator: Tractor Loader Backhoe

636b Heavy Equipment Operator: Excavator

636c Heavy Equipment Operator: Dozer

637c Concrete Pump Operator^{[***][7]}

Industrial Trades

200g Precision Metal Fabricator

207s Light Rail Overhead Contact Systems Linesperson^[**]

225a Optics Precision Lens & Prism Maker

225f Thin Film Optician^[*]

239b Tool & Gauge Inspector

246f Process Operator: Refinery, Chemical, & Liquid

246r Process Operator - Power^{[***][8]}

246t Process Operator - Food Manufacturing^{[***][9]}

246w Process Operator - Wood Products^{[***][10]}

255b Facilities Technician

255w Facilities Mechanic

259l Locksmith

263f Pump Systems Installer/Mechanic

267g Composite Structures Technician

268r Railway Car Technician (formerly 268a Carperson)^[**]

269e Entertainment Industry Power Technician^{[***][11]}

277m Mould or Die Finisher

277z Hydraulic/Pneumatic Mechanic

278b Surface Blaster

289f Electrician (Signal Maintenance)

297a Ski Lift Mechanic

429a General Machinist

430a Tool & Die Maker

430m Machine Tool Builder and Integrator

431a Mould Maker

433a Industrial Mechanic (Millwright)

437a Metal Fabricator (Fitter)^[**]

438a Cabinetmaker

442a Industrial Electrician

443a Pattern Maker

446a Electric Motor System Technician^[**]

447a Instrumentation and Control Technician^[**]

456a Welder

456p Pressure Systems Welder^{[***][12]}

600p Blacksmith

602c Tool and Cutter Grinder

602h Roll Grinder/Turner

605b Water Well Driller

609c Packaging Machine Mechanic

610c Aircraft Maintenance Engineer

611b Saw Filer/Fitter

614a Draftsperson-Mechanical Design

614b Draftsperson-Plastic Mould Design

614c Draftsperson-Tooling and Die Design

615a Bearings Mechanic

616f Fitter Welder

617a Electrical Control (Machine) Builder

630b Surface Mount Assembler

630t Tool/Tooling Maker^[**]

636e Elevating Devices Mechanic

638a Tractor-Trailer Commercial Driver^{[***][13]}

661h Fitter-Assembler (Motor Assembly)

670c CNC Programmer^[*]

670d Die Designer^[*]

670e Mould Designer^[*]

[*] These trades have been approved by the Minister of Finance effective May 1, 2006.

[**] These trade names have changed, the trade codes remain the same with the exception of 268a which has changed to 268r (Railway Car Technician). Apprentices who are still within the 36 or 48 month training period and who are registered under the old trade names are still eligible for the tax credit.

[***] ATTC eligibility will be retroactive to the date (indicated below for each trade) that the Ministry of Training, Colleges and Universities introduced the respective apprenticeship program.

[1] August 14, 2006

[2] August 24, 2009

[3] January 3, 2011

[4] January 31, 2011

[5] July 1, 2008

[6] December 19, 2006

[7] November 7, 2008

[8] March 2, 2006

[9] March 30, 2007

[10] June 21, 2011

[11] December 22, 2005

[12] June 28, 2010

[13] June 12, 2006

Newly developed trades will be eligible if approved by the Minister of Finance.