

This form is valid for 2005 and subsequent taxation years.

### Instructions

Use this form if your corporation's **taxation year ends after December 31, 2004**, otherwise complete OITC Claim Form valid for 2003 and subsequent taxation years (i.e., for preceding taxation years ending in 2003) 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, 6, 7 and if applicable, Parts 2, 3, 4 and/or 5 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. A corporate partner is not eligible to claim the OITC with respect to the partnership's SR&ED expenditures.

When calculating the qualifying expenditure limit for a corporation associated with a non-qualifying corporation, the allocation of the small business limit may be different from the business limit calculated for the small business deduction (Schedule 23).

### 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. 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 \$300,000 (\$400,000 if the taxation year ends after 2006) 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 \$300,000 but less than \$500,000 in the preceding taxation year that ends before 2007, or
    - more than \$400,000 but less than \$600,000 in the preceding taxation year that ends after 2006.

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 (CCPC) 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 5 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 Specialty Assessment Unit at:

Ministry of Revenue  
Corporations Tax  
Specialty Assessment Unit  
33 King Street West  
PO Box 629  
Oshawa ON L1H 8X4

Main ..... 905 837-3814  
French ..... 905 837-3882  
Toll-Free ..... 1 866 805-7702 ext. 3814; French ext. 3882  
Fax ..... 905 837-3824

Or visit [www.fin.gov.on.ca](http://www.fin.gov.on.ca)



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

# Ontario Innovation Tax Credit (OITC) Claim

This form is valid for 2005 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 3 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)) - - - - - + <span style="border: 1px solid black; padding: 2px;">5000</span>		
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)) + <span style="border: 1px solid black; padding: 2px;">5025</span>		
<b>Add:</b> (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)
	+ <span style="border: 1px solid black; padding: 2px;">5002</span>	+ <span style="border: 1px solid black; padding: 2px;">5027</span>
	+ <span style="border: 1px solid black; padding: 2px;">5004</span>	+ <span style="border: 1px solid black; padding: 2px;">5029</span>
	+ <span style="border: 1px solid black; padding: 2px;">5006</span>	+ <span style="border: 1px solid black; padding: 2px;">5031</span>
<b>Total Federal Taxable Income of the corporation and associated corporation(s)</b> <span style="border: 1px solid black; padding: 2px;">5000</span> + <span style="border: 1px solid black; padding: 2px;">5002</span> + <span style="border: 1px solid black; padding: 2px;">5004</span> + <span style="border: 1px solid black; padding: 2px;">5006</span> - - - - - = <span style="border: 1px solid black; padding: 2px;">5020</span>		
<b>Total Federal Part 1.3 Tax of the corporation and associated corporation(s)</b> <span style="border: 1px solid black; padding: 2px;">5025</span> + <span style="border: 1px solid black; padding: 2px;">5027</span> + <span style="border: 1px solid black; padding: 2px;">5029</span> + <span style="border: 1px solid black; padding: 2px;">5031</span> - - - - - = <span style="border: 1px solid black; padding: 2px;">5040</span>		

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*. Complete Part 2 if non-CCPC.

**1(a) Phase out of \$2,000,000 Expenditure Limit if federal taxable income of preceding taxation year exceeds \$300,000 (\$400,000 if preceding taxation year ends after 2006) 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  
 (For CCPC: Line 410 from page 4 of the T2 or amount allocated from federal Sch. 23)  
 (For non-CCPC: Line 410 from Part 2 of the OITC Claim form) - - - - - +

**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 or Part 2)
_____	_____	_____	+ <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  
 (For CCPC: Line 4 from page 4 of the T2)  
 (For non-CCPC: Line 4 from Part 2 of the OITC Claim form) - - - - - +

**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 or Part 2
_____	_____	_____	+ <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"/> - - - - -			= <input type="text" value="5705"/>	<input type="text"/>

(For CCPC: equal to total **A** in column 6 of fed. Sch. 23)  
 (For non-CCPC: equal to total **A** in Part 2 of the OITC Claim form)

**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.

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
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**1(a)(iv) Proration of Small Business Limit**

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

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

$$\left( *\$6,000,000 - 10 \times \frac{\text{The greater of } \boxed{5020} \text{ or } *\$400,000}{\boxed{5020}} \right) \times \frac{\text{From } \boxed{5069}}{\boxed{5069}} \div \frac{\text{From } \boxed{5705}}{\boxed{5705}} \times \boxed{5705} = \boxed{5071}$$

\* If your taxation year ended before 2007, the references to \$6,000,000 and \$400,000 should be \$5,000,000 and \$300,000 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	+	<b>5080</b>		Expenditure Limit
Name(s) of associated corporation(s)	+	<b>5085</b>		
	+	<b>5090</b>		
	+	<b>5100</b>		
<b>Total Expenditure Limit</b> (Lesser of \$2,000,000 or <b>5071</b> )	=	<b>5120</b>		

**2. Qualifying Expenditures in Taxation Year**

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

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 5*

**Part 2 – Business Limit Calculation for Non-Canadian-Controlled Private Corporations (Non-CCPCs)**

**Calculation of the business limit:**

For all non-CCPCs, calculate the amount at line 4 below. If necessary, attach additional business limit calculation for each associated group member.

250,000 X  $\frac{\text{Number of days in the taxation year in 2004}}{\text{Number of days in the taxation year}}$  = **1**

300,000 X  $\frac{\text{Number of days in the taxation year in 2005 and in 2006}}{\text{Number of days in the taxation year}}$  = **2**

400,000 X  $\frac{\text{Number of days in the taxation year after 2006}}{\text{Number of days in the taxation year}}$  = **3**

Add amounts at lines **1, 2 and 3** - - - - - = **4**

Business Limit (see note 2 below) - - - - - = **410**

*Transfer to **5044***

- Note 2**
- For non-CCPCs that are not associated, enter the amount from line 4 on line 410. However, if the corporation's taxation year is less than 51 weeks, prorate the amount from line 4 by the number of days in the taxation year divided by 365, and enter the result on line 410.
  - For associated non-CCPCs, use the schedule (Allocating the business limit) on page 4 to calculate the amount to be entered on line 410.

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
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**Allocating the business limit**

Calendar year to which the allocation agreement applies

Column 3: Enter the business limit for the year of each corporation in the associated group. The business limit is computed at line 4 on page 3 of each respective non-CCPC's schedule; it is computed at line 4 on page 4 of each respective CCPC's T2 return.

Column 5: Enter the business limit allocated to each corporation by multiplying the amount in column 3 by the percentage in column 4. Add all business limits allocated in column 5 and enter the total at line **A**. Ensure that the total at line **A** falls within the range for the calendar year to which the allocation agreement applies:

Calendar year	Acceptable range
2005	\$250,001 to \$300,000
2006	maximum \$300,000
2007	\$300,001 to \$400,000

If the calendar year to which this agreement applies is after 2007, ensure that the total at line **A** does not exceed \$400,000.

1 Names of associated corporations	2 Business Number of associated corporations	3 Business limit for the year (before the allocation) \$	4 Percentage of the business limit (the total of all percentages cannot exceed 100%)	5 * Business limit allocated \$
<b>Total</b>				<b>A</b>

Transfer to

\* Each non-CCPC will enter on line 410 on page 3, the amount allocated to it in column 5. However, if the corporation's tax year is less than 51 weeks, prorate the amount in column 5 by the number of days in the tax year divided by 365, and enter the result on line 410 on page 3.

Special rules apply if a qualifying corporation has more than one tax year ending in a calendar year and is associated in more than one of those years with another qualifying corporation that has a tax year ending in the same calendar year. In this case, the business limit for the second (or subsequent) tax year(s) will be equal to the lesser of the business limit determined for the first tax year ending in the calendar year and the business limit determined for the second (or subsequent) tax year(s) ending in the same calendar year.

**Part 3 - 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"/>	<input type="text" value="5300"/>	<input type="text" value="5400"/>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="text" value="5310"/>	<input type="text" value="5410"/>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="text" value="5320"/>	<input type="text" value="5420"/>

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
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**Part 4 - 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 5 - 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	<input type="text"/>
<b>Deduct:</b> Amount of OITC waived	- - - - -	-	5610	<input type="text"/>
<b>Amount of OITC claim</b>	- - - - -	=	5620	<input type="text"/>

*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 .

Signature of authorized signing officer	Date
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**Part 6 - Summary OITC Claim**

Ontario Innovation Tax Credit	- - - - -	From	5250	<input type="text"/>
<b>Deduct:</b> OITC waived	- - - - -	From	5610	<input type="text"/>
<b>Ontario Innovation Tax Credit Claimed</b>	<input type="text"/> - <input type="text"/>	=	5620	<input type="text"/>

*Transfer to  of the CT23 or CT8*

**Part 7 - 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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