

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOR)	Taxation Year End
--------------------------	--------------------------------------------	-------------------

This schedule is used to calculate Ontario Scientific Research and Experimental Development Expenditures (SR & ED). The rules used in the calculation of Ontario SR & ED follow the federal rules with the exception of the new Ontario measure introduced in the 2001 Ontario Budget and implemented in Bill 127 which received Royal Assent on December 5, 2001.

This schedule must be completed by all corporations performing qualified Ontario SR & ED in a **specified taxation year** or in the taxation year immediately preceding the first specified taxation year of the corporation and filed with the current CT23 or CT8. Other corporations may use this schedule, if they have claimed or are claiming a different SR & ED amount for Ontario than for federal income tax purposes.

-
- **Specified Taxation Year (STY)** is the taxation year of the corporation that begins after February 29, 2000 **and** ends before January 1, 2009.
 - **Investment Tax Credit Amount (ITC)** means, in respect of a corporation for a taxation year, an amount deducted by the corporation for a preceding taxation year under subsection 127(5) or (6) of the *Income Tax Act* (Canada) (ITA).
 - **Qualified Ontario SR & ED Expenditure (QORD)** means,
 - A. A qualified expenditure within the meaning of subsection 12(1) of the *Corporations Tax Act* (CTA) that is made or incurred by a corporation in a STY or in the taxation year immediately preceding the first STY of the corporation, or
 - B. An expenditure made or incurred by a partnership in a fiscal period that ends in a STY of a corporation if,
 - the corporation is member of the partnership at any time in the STY, and
 - the expenditure would be a qualified expenditure within the meaning of subsection 12(1) of the CTA if it were made by a corporation.
 - **Ontario Allocation Factor (OAF)** has the meaning given to that expression by subsection 12(1) of the CTA.

-
- If a corporation includes a federal ITC amount in determining the amount of the Ontario pool of deductible SR & ED expenditures for a STY, the following amounts are adjusted by the OAF:
 - Amount of recaptured federal ITC relating to QORD for property disposed of in the preceding taxation year in 442 on page 2.
 - Amount of federal ITC relating to QORD claimed federally in the preceding taxation year(s) in 462 on page 2.
 - Amount of federal ITC relating to QORD allocated from partnerships in the current taxation year in 465 on page 2.

-
- Federal ITCs earned on shared-use equipment (SUE) reduce the capital cost of the property acquired for federal and Ontario income tax purposes in the taxation year after the taxation year in which the ITC is claimed federally. The amount of the federal ITC that relates to QORD on SUE is added to the SR & ED pool for Ontario purposes in the taxation year after the taxation year in which the ITC is claimed federally.

Ontario Scientific Research and Experimental Development Expenditures

CT23 Schedule 161

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOR)	Taxation Year End
--------------------------	--------------------------------------------	-------------------

Ontario Pool of Deductible SR & ED Expenditures for the current taxation year

Total allowable SR & ED expenditures (capital and current)
 (From line 400 federal T661 (T2 SCH32)) - - - - - + 400

Less: Government and non-government assistance
 (From line 430 federal T661 (T2 SCH32)) - - - - - - 430

Preceding year's amount of federal ITC claimed for SR & ED
 (From line 435 federal T661 (T2 SCH32)) - - - - - - 435

Sale of SR & ED capital assets and other deductions
 (From line 440 federal T661 (T2 SCH32)) - - - - - - 440

Amount of recaptured federal ITC (From line 453 federal T661 (T2 SCH32))
 relating to QORD for property disposed of in the preceding taxation year 442

Gross-up for Ontario allocation factor From 442 ÷ % - - - = - 444
 (From 30 of the CT23 or CT8)

Subtotal: 400 - 430 - 435 - 440 - 444 - - - - - = 445

Add: Repayments of government and non-government assistance
 (From line 445 federal T661 (T2 SCH32)) - - - - - + 446

SR & ED expenditure pool transferred on amalgamation or wind-up
 (From line 452 federal T661 (T2 SCH32)) - - - - - + 452

Amount of federal ITC recaptured in the preceding taxation year
 (From line 453 federal T661 (T2 SCH32)) - - - - - + 453

Preceding year's balance in pool of deductible Ontario SR & ED expenditures
 (From 480 of the preceding taxation year) - - - - - + 460

Federal ITC relating to QORD **claimed** federally in the preceding taxation year(s) + 462
 (From 575 on Page 3)

Amount of federal ITC relating to QORD allocated from partnerships
 in the current taxation year - - - - - + 465

Subtotal 462 + 465 - - - - - = 468

Gross-up for Ontario allocation factor From 468 ÷ % - - - = + 470
 (From 30 of the CT23 or CT8)

Subtotal: 445 + 446 + 452 + 453 + 460 + 470
 (If the amount in 473 is negative, enter zero, in 475, 477 and add 473 to 615
 of the 2002 CT23 or CT8 or 616 of the 2003 or later CT23 or CT8. = 473

If the amount in 473 is positive, enter the amount in 475.) - - - - - = 475

Amount available for deduction - - - - - = 475

Deduction claimed in the taxation year for Ontario
 (Enter the SR & ED expenditure pool deduction claimed in the taxation year in 679 of the CT23 or CT8) - - - - - - 477

**Ontario current taxation year closing balance
 in pool of deductible SR & ED expenditures** 475 - 477 - - - - - = 480

(Transfer this amount to 460 as the carry forward amount for the next taxation year.)

Ontario Scientific Research and Experimental Development Expenditures CT23 Schedule 161

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOR)	Taxation Year End
--------------------------	-----------------------------------------------	-------------------

Calculation of Preceding Taxation Year Amount and Account Balances - Federal ITC from SR & ED Expenditures relating to QORD.

- This page is used to calculate the amount of the federal ITC that relates to SR & ED performed in Ontario for certain taxation years and is used to increase the amount of the Ontario SR & ED pool on page 2.
- All amounts on this page are based on the preceding taxation year since the amount of the federal ITC that relates to QORD can only be used to increase the Ontario pool for SR & ED in the current taxation year if there was a federal ITC claimed for federal purposes in the preceding taxation year that related to QORD.
- **Do not include amounts** of federal ITCs that relate to QORD that were **allocated from a partnership**. These amounts are added to your SR & ED pool for Ontario in the taxation year that they are allocated from a partnership to a corporation, not in the year after they are claimed federally.

Opening Balance:

(Enter amount from Schedule 161 of the preceding taxation year, if any) - - - - - +

Add: Amount of federal ITC earned, relating to QORD
(QORD portion of line federal T2 SCH31 for the preceding taxation year) - - - - - +

Amount of federal ITC earned, relating to QORD, transferred on amalgamation or wind-up
(QORD portion of line federal T2 SCH31 for the preceding taxation year) - - - - - +

Subtotal: + + - - - - - =

Deduct: Amount of federal ITC, relating to QORD, claimed federally
(QORD portion of line federal T2 SCH31 for the preceding taxation year) - - - - - +

Amount of federal ITC, relating to QORD, carried back federally to a preceding taxation year(s)
(QORD portion of line P federal T2 SCH31 for the preceding taxation year) - - - - - +

A refund of federal ITC, relating to QORD, claimed federally
(QORD portion of line federal T2 SCH31 for the preceding taxation year) - - - - - +

Amount of federal ITC, relating to QORD, deemed as a remittance of co-op corporations
(QORD portion of line federal T2 SCH31 for the preceding taxation year) - - - - - +

Subtotal: + + + - - - - - =

(Transfer this amount to on Page 2)

Deduct: Amount of federal ITC, relating to QORD, expired per the ITA after 10 taxation years
(QORD portion of line federal T2 SCH31 for the preceding taxation year) - - - - - -

Closing Balance: - - - - - - - =

(Transfer this amount to as the opening balance for the next taxation year.)

**Ontario Scientific Research and
Experimental Development Expenditures
CT23 Schedule 161**

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOR)	Taxation Year End
--------------------------	--------------------------------------------	-------------------

Continuity Schedule for Federal ITC relating to SR & ED Expenditures for the Preceding Taxation Year

- All amounts on this page are based on the preceding taxation year.
- Amounts on this page should tie into Part 11 of federal T2 SCH31 completed for the preceding taxation year.

Yr. of Origin (Oldest yr. first) yyyy mm dd	Opening Balance	Additions	Deductions (other than amounts that were allocated from a partnership)	Deductions (only amounts that were allocated from a partnership)	Closing Balance
Totals (see note 1, 2 and 3)	725	740	755	770	785

Notes:

1. The amount in [725] should equal the amount of the investment tax credit at the end of the preceding taxation year less line [515] in Part 11 of the federal T2 SCH31 for the preceding taxation year.
2. The amount in [785] should equal the closing balance in line [620] in Part 11 of the federal T2 SCH31 for the preceding taxation year.
3. It is important that the amounts in the deductions columns on this page correctly reflect the year of origin of the federal ITC claimed because only amounts relating to QORD can be used to increase the Ontario SR & ED pool.

**Ontario Scientific Research and
Experimental Development Expenditures
CT23 Schedule 161**

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOR)	Taxation Year End
--------------------------	--------------------------------------------	-------------------

Continuity Schedule for the Amount of Federal ITC from SR & ED Expenditures relating to QORD for the Preceding Taxation Year

- This page is required to record the amount of the ITC that relates to QORD by year of origin.
- All amounts on this page are based on the preceding taxation year.
- **Do not** include amounts of federal ITCs that relate to QORD that were **allocated from a partnership** (see text at the top of page 3).

Yr. of Origin (Oldest yr. first) yyyy mm dd	Opening Balance	Additions	Deductions	Closing Balance
Totals (see note 1 - 6)	825	840	855	870

Notes:

1. The amount in [825] should equal [500] on page 3.
2. The amount in [840] should equal the total of [510] and [520] on page 3.
3. The amount in [855] should equal [575] on page 3.
4. The amount in [870] should equal [590] on page 3.
5. Any deductions that are recorded in the deduction column on this page must be taken out of the same year of origin as indicated in the deduction column on page 4. These deductions must be related to QORD and must not have been allocated from a partnership.
6. The amount of federal ITC relating to QORD will expire if the federal ITC it relates to expires before it is claimed federally.