

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

Instructions for completing the CETC Claim Form

- See the reverse side for a detailed description of the Cooperative Education Tax Credit and for important changes introduced in the 2004 Ontario Budget.
- Enter the relevant details for each qualifying work placement, including the amount of tax credit.
- Your total tax credit for the taxation year is equal to the sum of the tax credits for each qualifying work placement.
- Enter the total tax credit claimed on line 192, page 7 of the CT23, or page 4 of the CT23 Short, or page 4 of the CT8.
 - The maximum amount of credit that can be claimed in respect of each work placement is \$1,000.
- Ensure you have the following documentation (Do not include with the form or tax return.):
 - a letter of certification from the Ontario college, university other post-secondary institution, containing information as specified by the Minister, stating that the student is enrolled in a qualifying education program; or
 - a voucher for leading-edge technology programs, other than an apprenticeship, stating that the educational program meets the definition of a qualifying program in leading-edge technology and that the work performed by that student during the work placement is in a related field.
- The credit is considered government assistance and is therefore to be included in income in the year the credit is claimed.

Summary of Co-operative Education Tax Credit Claimed

Complete a separate entry for each student work placement which ended during the corporation's taxation year. The tax credit is for co-op work placements and leading-edge technology work placements. A work placement is generally considered to be a full-time work assignment for up to 4 months in duration.

Example: If a corporation, with a December 31, 2001 taxation year end, hires an eligible student from September 1, 2001 until April 30, 2002, this would be considered 2 work placements. The first work placement is September 1, 2001 to December 31, 2001 and would be claimed in the 2001 taxation year. The second placement is January 1, 2002 to April 30, 2002 and must be claimed in the 2002 taxation year.

Qualifying Work Placements

| Name of University/College and Education Program | Name of Student | Social Insurance No. of Student | Work Placement Start and End Dates | | | Eligible Costs of Placement (ECP) | * Credit Claimed (See notes below) (max. \$1,000 per work placement) |
|--|-----------------|---------------------------------|------------------------------------|-------|-----|-----------------------------------|--|
| | | | From | month | day | | |
| | | | From | | | 5750 | 5776 |
| | | | To | | | | |
| | | | From | | | 5751 | 5777 |
| | | | To | | | | |
| | | | From | | | 5752 | 5778 |
| | | | To | | | | |
| Totals | | | | | | 5774 | 5798 |

If insufficient space, attach schedule

Transfer to 192 on Page 7 of the CT23 Long or Page 4 of the CT23 Short, or Page 4 of the CT8

Note: Enter corporation's salaries & wages paid in the preceding taxation year **A** \$

If **A** is \$600,000 or greater use 10%. If **A** is \$400,000 or less use 15%.

If **A** is over \$400,000 but less than \$600,000 use the following formula to calculate the rate: Rate = .15 - [.05 (From **A** - \$400,000) ÷ \$200,000]

Indicate rate used: %. * Credit claimed equals ECP multiplied by rate.

CT23 Schedule 113

The CETC is a refundable tax credit available to taxpayers hiring eligible university or college students enrolled in a recognized post-secondary education program. For additional information on the GTTC, refer to Tax Legislation Bulletin, Number 96-2R2, dated June 2000.

Amendments to the CETC were proposed in the 2004 Ontario Budget following the implementation of the new Apprenticeship Training Tax Credit (ATTC). The CETC continues to be available for qualifying co-op placements. However, with respect to qualifying leading edge technology work placements, transitional rules apply for apprenticeships in their first 36 months that

straddle May 18, 2004. Salaries and wages paid before May 19, 2004 qualify for the CETC, and amounts paid after May 18, 2004 qualify for the ATTC. If you are eligible for the ATTC, complete Sch 114 instead.

For apprenticeships not in their first 36 months and for work placements in approved fields of study (listed in Appendix 2 of Tax Legislation Bulletin 96-2R2) other than co-operative education programs, no deduction may be claimed for salaries and wages paid after December 31, 2004 and for employment commencing after October 25, 2004.

Eligible employers

- The credit is available to businesses who:
 - have *permanent establishments* in Ontario
 - are *subject to Ontario Income Tax*
 - incur *eligible expenditures* associated with hiring eligible students or apprentices.
- When an eligible student or apprentice is hired by two or more associated corporations, the associated corporations are considered to be one employer for the purposes of claiming this tax credit. Only one qualifying employer may claim the tax credit.

Eligible expenditures

- Eligible costs of a qualifying work placement include:
 - all wages and salaries, including taxable benefits, paid by your corporation to the students during the qualifying work placement.
 - fees paid to an eligible educational institution or to an employment agency during the qualifying work placement.
- Wages and salaries paid must be attributable to an Ontario permanent establishment of the employer's business.
- Eligible expenditures must be reduced by any government assistance received, including grants, subsidies and forgivable loans, in respect of the qualifying work placement.

Amount of tax credit

- For qualifying work placement commencing after December 31, 1997:
 - If the corporation's salaries and wages in the previous taxation year were \$600,000 or greater, the credit is 10%.
 - If the corporation's salaries and wages in the previous taxation year were \$400,000 or less, an enhanced credit of 15% is available.
 - The enhanced credit is phased out for payroll between \$400,000 and \$600,000.
- If the qualifying work placement commenced after July 31, 1996, but before January 1, 1998, the CETC rate is 10%.
- The maximum credit for each qualifying work placement is \$1,000, regardless of the rate claimed in calculating the credit.

Qualifying work placement

- A qualifying work placement is a work placement that is either:
 - a qualifying co-operative work placement which commences after July 31, 1996 or;
 - a qualifying leading edge technology work placement which commences after December 31, 1997
- A *qualifying co-operative work placement* must be a minimum of 10 weeks while a *qualifying leading edge technology work placement* must be a minimum of 10 weeks with an average of 24 hours of employment per week.
- For most work placements, the maximum employment period is four months.
- The **maximum** eligible employment period for a LET program is 16 months except where the employment commences after May 4, 1999 under a qualifying apprenticeship program, in which case the maximum eligible employment period is extended to 24 months.