

## Instructions

Use this form if your corporation's **taxation year ends after December 31, 2002**, otherwise complete OITC Claim Form valid for taxation years commencing after February 27, 1995 (i.e., for preceding taxation years ending in or before 2002) 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, 5, 6 and if applicable, Parts 2, 3 and/or 4 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.

## 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 (366 if a leap year). 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 \$200,000 (\$300,000 if the taxation year ends after 2002) 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 \$200,000 but less than \$400,000 in the preceding taxation year that ends before 2003, or
    - more than \$300,000 but less than \$500,000 in the preceding taxation year that ends before 2002.

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 4 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 Canada Revenue Agency at:

Toll Free..... 1 800 959-5525  
French ..... 1 800 959-7775  
Teletypewriter (TTY) ..... 1 800 665-0354  
Website ..... [www.cra.gc.ca](http://www.cra.gc.ca)



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

**Ontario Innovation Tax Credit (OITC) Claim**  
 This form is valid for 2003 and subsequent taxation years.

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
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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"/>	<b>Yes</b>	<b>No</b>
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? If yes, please attach a copy of Form T661 and schedule T2 SCH 31.....	<input type="checkbox"/>	<input type="checkbox"/>		
Was the corporation a member of an associated group during the taxation year? If yes, please attach a copy of schedule T2 SCH 23 and T2 SCH 49.....	<input type="checkbox"/>	<input type="checkbox"/>		
Percentage of corporation's SR&ED carried on in Ontario.....	<input style="width: 40px;" type="text"/>	%		
Have contract or third party payments been paid/payable in respect of any of the qualifying expenditures being claimed for this OITC? If yes, please complete PART 2 of this form.....	<input type="checkbox"/>	<input type="checkbox"/>		

**Part 1 - Calculation of the Ontario Innovation Tax Credit**

		Taxable Income		Part 1.3 Tax (credit union 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)) .....	+ 5000			
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)) .....	+ 5025			
<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>	Corporate Tax Number(s) <i>(if applicable)</i>	Taxation Year End(s)		
			+ 5002	
			+ 5004	
			+ 5006	
Total Federal Taxable Income of the corporation and associated corporation(s) <input style="width: 40px;" type="text"/> 5000 + <input style="width: 40px;" type="text"/> 5002 + <input style="width: 40px;" type="text"/> 5004 + <input style="width: 40px;" type="text"/> 5006 .....	= 5020			
Total Federal Part 1.3 Tax of the corporation and associated corporation(s) <input style="width: 40px;" type="text"/> 5025 + <input style="width: 40px;" type="text"/> 5027 + <input style="width: 40px;" type="text"/> 5029 + <input style="width: 40px;" type="text"/> 5031 .....	= 5040			

**Ontario Innovation Tax Credit (OITC) Claim**

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.

**1(a) Phase out of \$2,000,000 Expenditure Limit if federal taxable income of preceding taxation year exceeds \$300,000 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  
 (Line 410 form page 4 of the T2 or amount allocated from federal Sch.23)

..... +

**Add:** (if associated) business limit of associated corporation(s)

Name(s) of associated corporation(s)	Corporate Tax Number(s)	Taxation Year End(s)		Business Limit (Line 410 from T2)
.....	.....	.....	+	<input type="text" value="5045"/> <input style="width:100px;" type="text"/>
.....	.....	.....	+	<input type="text" value="5046"/> <input style="width:100px;" type="text"/>
.....	.....	.....	+	<input type="text" value="5047"/> <input style="width:100px;" 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 style="width:100px;" 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  
 (Line 410 form page 4 of the T2)

..... +

**Add:** (if associated) maximum business limit of associated corporation(s)

Name(s) of associated corporation(s)	Corporate Tax Number(s)	Taxation Year End(s)		Maximum Business Limit allocated from fed. Sch. 23
.....	.....	.....	+	<input type="text" value="5702"/> <input style="width:100px;" type="text"/>
.....	.....	.....	+	<input type="text" value="5703"/> <input style="width:100px;" type="text"/>
.....	.....	.....	+	<input type="text" value="5704"/> <input style="width:100px;" 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 style="width:100px;" type="text"/> (Should be equal to total A in column 6 of fed. Sch. 23)

**1(a)(iii) Proration of Small Business Limit based on Taxable Paid-up Capital in the preceding taxation year**

Corporations 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)	Corporate Tax Number(s)	Taxation Year End(s)		Taxable Paid-Up Capital
.....	.....	.....	+	<input type="text" value="5062"/> <input style="width:100px;" type="text"/>
.....	.....	.....	+	<input type="text" value="5063"/> <input style="width:100px;" type="text"/>
.....	.....	.....	+	<input type="text" value="5064"/> <input style="width:100px;" 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 style="width:100px;" 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.

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**1(a)(iv) Proration of Small Business Limit**

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

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

$$\left( * \$5,000,000 - 10 \times \frac{\text{The greater of } 5020 \text{ or } * \$300,000}{5020} \right) \times \frac{\text{From } 5069}{5069} \div \frac{\text{From } 5705}{5705} = 5071$$

Transfer to 5120

\* If your taxation year immediately follows a taxation year that ended before 2003, the references to \$5,000,000 and \$300,000 should be \$4,000,000 and \$200,000 respectively.

**1(b) Allocation of Expenditure Limit (lesser of \$2,000,000 or 5071), to corporation and associated corporations.**

Name of corporation		Expenditure Limit	
	+	5080	
Name(s) of associated corporation(s)			
	+	5085	
	+	5090	
	+	5100	
<b>Total Expenditure Limit</b> (Lesser of \$2,000,000 or 5071)		= 5120	

**2. Qualifying Expenditures in Taxation Year**

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

If 5150 is less than or equal to 5080 above, transfer amounts from 5130 and 5140 to 5150 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 4*

**Part 2 - 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"/>	5300	5400
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5310	5410
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5320	5420

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**Part 3 - 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 4 - 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	
<b>Deduct:</b> Amount of OITC Waived .....	-	5610	
<b>Amount of OITC claim</b> .....	=	5620	

*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 5610.

Signature of authorized signing officer	Date
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**Part 5 - Summary OITC Claim**

Ontario Innovation Tax Credit .....	From	5250	
<b>Deduct:</b> OITC Waived .....	-	5610	
<b>Ontario Innovation Tax Credit Claimed</b> <span style="border: 1px solid black; padding: 0 5px;">5250</span> - <span style="border: 1px solid black; padding: 0 5px;">5610</span> .....	=	5620	

*Transfer to 191 of the CT23 or CT8*

**Part 6 - 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 (Please print)	Title	Signature	Date (yyyy/mm/dd)
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