

Completing your Nova Scotia form

The following information will help you complete Form NS428, *Nova Scotia Tax and Credits*.

The terms **spouse** and **common-law partner** are defined in the *General Income Tax and Benefit Guide*.

The term **end of the year** means December 31, 2009, the date you left Canada if you emigrated in 2009, or the date of death for a person who died in 2009.

Tax Tip

A number of Nova Scotia tax measures are distinct from corresponding federal measures. However, many rules for calculating Nova Scotia tax are still based on the federal *Income Tax Act*. As a result, you may find it easier to calculate your federal tax first. Your total taxes payable will be the same, no matter which tax you calculate first.

Form NS428, Nova Scotia Tax and Credits

Complete Form NS428 if you were a resident of Nova Scotia at the end of the year.

If you had income from a business with a permanent establishment outside Nova Scotia, complete Form T2203, *Provincial and Territorial Taxes for 2009 – Multiple Jurisdictions*, **instead of** completing Form NS428.

You also have to complete Form NS428 if you were a non-resident of Canada in 2009 and you earned income from employment in Nova Scotia or received income from a business with a permanent establishment only in Nova Scotia.

Step 1 – Nova Scotia non-refundable tax credits

The eligibility criteria and rules for claiming the Nova Scotia non-refundable tax credits are the same as for the federal non-refundable tax credits. However, the **value and calculation of some Nova Scotia non-refundable tax credits are different from the federal credits**.

To calculate many of the non-refundable tax credits, you will need to use the *Provincial Worksheet* in this book.

Newcomers to Canada and emigrants

If you prorated any of the amounts you claimed on lines 300 to 306, 315, 316, 318, 324, and 326 of your federal Schedule 1, you have to prorate the corresponding provincial amounts on lines 5804 to 5820, 5840, 5844, 5848, 5860, and 5864.

Line 5804 – Basic personal amount

Claim the basic personal amount of \$7,981.

Line 5808 – Age amount

You can claim this amount if you were 65 years of age or older on December 31, 2009, and your net income (line 236 of your return) is less than \$54,990.

If your net income is:

- \$29,010 or less, enter \$3,897 on line 5808; or
- more than \$29,010 but less than \$54,990, complete the calculation for line 5808 on the *Provincial Worksheet* in this book to determine your claim.

Note

You may be able to transfer all or part of your age amount to your spouse or common-law partner or to claim all or part of his or her age amount. See line 5864 for details.

Line 5812 – Spouse or common-law partner amount

You can claim this amount if the rules are met for claiming the amount on line 303 of federal Schedule 1 and your spouse's or common-law partner's net income (line 236 of his or her return, or the amount that it would be if he or she filed a return) is less than \$7,456.

If your spouse's or common-law partner's net income is:

- \$678 or less, enter \$6,778 on line 5812; or
- more than \$678 but less than \$7,456, complete the calculation on Form NS428 to determine your claim, and enter the amount on line 5812.

Note

Enter your marital status and the information about your spouse or common-law partner (including his or her net income, even if it is zero) in the Identification area on page 1 of your return.

Line 5816 – Amount for an eligible dependant

You can claim this amount if the rules are met for claiming the amount on line 305 of federal Schedule 1 and your dependant's net income (line 236 of his or her return, or the amount that it would be if he or she filed a return) is less than \$7,456.

If your dependant's net income is:

- \$678 or less, enter \$6,778 on line 5816; or
- more than \$678 but less than \$7,456, complete the calculation for line 5816 on the *Provincial Worksheet* in this book to determine your claim.

If you have not already completed federal Schedule 5, complete and attach it to your return.

Line 5820 – Amount for infirm dependants 18 years of age or older

You can claim this amount if the rules are met for claiming the amount on line 306 of federal Schedule 1 and your dependant's net income (line 236 of his or her return, or the amount that it would be if he or she filed a return) is less than \$7,981.

Complete the calculation for line 5820 on the *Provincial Worksheet* in this book to determine your claim.

Line 5823 – Amount for young children

You can claim this amount if you were a resident of Nova Scotia at the end of the year and you had a dependent child who was less than six years of age.

You can claim \$100 per month for each child, if **all** of the following conditions are met:

- the child was less than six years of age and living with you on the first day of the month;
- no one else claimed the amount for young children for the child for the month you are claiming;
- the child has not been claimed by you or anyone else as an eligible dependant on line 5816; and
- a special allowance under the *Children's Special Allowances Act* was not received by anyone for that child for the month you are claiming.

If you have a spouse or common-law partner at the end of the year, only the person with the **lower net income** (including zero income) can claim this amount.

If you and your spouse or common-law partner have **equal net incomes**, you have to decide which **one** of you will claim this amount.

Complete the "Details of amount for young children" chart in Step 3 of Form NS428. It is important that you provide the details for each child you are claiming, including the number of months you are claiming for that child.

To determine your claim, enter the **total** number of months you are claiming for **all** children **beside** box 6372 of Form NS428.

Claim \$100 for each month, and enter the total amount on line 5823. The maximum amount you can claim for 2009 is \$1,200 for each dependent child.

Line 5824 – Canada Pension Plan or Quebec Pension Plan contributions through employment

Enter on this line the amount you claimed on line 308 of federal Schedule 1.

Line 5828 – Canada Pension Plan or Quebec Pension Plan contributions on self-employment and other earnings

Enter on this line the amount you claimed on line 310 of federal Schedule 1.

Line 5832 – Employment Insurance premiums

Enter on this line the amount you claimed on line 312 of federal Schedule 1.

Line 5836 – Pension income amount

You can claim this amount if you met the rules for claiming an amount on line 314 of federal Schedule 1.

The amount you can claim on line 5836 is the amount from line 314 of federal Schedule 1 or \$1,104, whichever is **less**.

Note

Only residents of Nova Scotia are eligible for this amount. If you are not a resident of Nova Scotia, you cannot claim this tax credit in calculating your Nova Scotia tax even though you may have received income from a source inside Nova Scotia in 2009.

Line 5840 – Caregiver amount

You can claim this amount if the rules are met for claiming the amount on line 315 of federal Schedule 1 and your dependant's net income (line 236 of his or her return, or the amount that it would be if he or she filed a return) is less than \$17,480.

Complete the calculation for line 5840 on the *Provincial Worksheet* in this book to determine your claim.

Line 5844 – Disability amount

You can claim this amount if you meet the rules for claiming the amount on line 316 of federal Schedule 1.

- If you were **18 years of age or older** at the end of the year, enter \$4,738 on line 5844.
- If you were **under 18 years of age** at the end of the year, you may be eligible to claim a supplement up to a maximum of \$3,246 in addition to the disability amount of \$4,738. Complete the calculation for line 5844 on the *Provincial Worksheet* in this book to determine your claim.

Line 5848 – Disability amount transferred from a dependant (other than your spouse or common-law partner)

You can claim this amount if the rules are met for claiming the amount on line 318 of federal Schedule 1. Complete the calculation for line 5848 on the *Provincial Worksheet* in this book to determine your claim.

Line 5849 – Sport and recreational expenses for children

The sport and recreational expenses you can claim are the amounts you or your spouse or common-law partner paid in 2009 for the registration or an eligible child in a designated sport or recreational activity.

Who is an eligible child?

An eligible child is one who is under 18 years of age at the end of the year, and:

- your child by blood, marriage, common-law partnership, or adoption;
- dependent on you for support and under your custody and control; or
- a spouse or common-law partner of your child.

How to claim

You can claim sport and recreational expenses up to a maximum of \$500 per child.

Either you or your spouse or common-law partner can claim this amount, or the amount can be split between you. However, the combined total claim cannot be more than the amount before the split.

Enter on line 5849 the total amount you are claiming for all eligible children.

For more information on designated sports and recreational activities, contact the Nova Scotia Department of Health Promotion and Protection (read the section called “For more information” at the beginning of this book).

Receipts – Whether you are filing a paper return or electronically, keep all of your documents in case we ask to see them.

Line 5852 – Interest paid on your student loans

Enter on this line the amount you claimed on line 319 of federal Schedule 1.

Line 5856 – Your tuition and education amounts

Complete Schedule NS(S11), *Provincial Tuition and Education Amounts*, to calculate your claim.

Receipts – If you are filing a paper return, **attach the completed Schedule NS(S11)**. Whether you are filing a paper return or electronically, keep your forms and official tuition fee receipts in case we ask to see them.

Transferring and carrying forward amounts

You may not need all of your 2009 tuition and education amounts to reduce your provincial income tax to zero. In this case, you can **transfer** all or some of the unused part to **one** person, either your spouse or common-law partner (who would claim it on line 5864), your parent or grandparent, or your spouse’s or common-law partner’s parent or grandparent (who would claim it on line 5860).

You can only transfer an amount to your parent or grandparent, or your spouse’s or common-law partner’s parent or grandparent, if your spouse or common-law partner does not claim an amount for you on line 5812 or 5864.

Complete the “Transfer/Carryforward of unused amount” section of Schedule NS(S11) to calculate the provincial amount available to transfer, as well as Form T2202, *Education and Textbook Amounts Certificate*, T2202A, *Tuition,*

Education, and Textbook Amounts Certificate, TL11A, *Tuition, Education, and Textbook Amounts Certificate – University Outside Canada*, TL11B, *Tuition, Education, and Textbook Amounts Certificate – Flying School or Club*, or TL11C, *Tuition, Education, and Textbook Amounts Certificate – Commuter to the United States*, to designate who can claim it and the amount the person can claim.

This amount may be different from the amount calculated for the same person on your federal Schedule 11. You must enter the provincial amount you are transferring on line 20 of your Schedule NS(S11).

Tax Tip

If you are transferring an amount to a designated person, only transfer the amount this person can use. That way, you can carry forward as much as possible to use in a future year.

Complete the “Transfer/Carryforward of unused amount” section of Schedule NS(S11) to calculate the amount you can **carry forward** to a future year. This amount corresponds to the part of your tuition and education amounts you do not need to use (and do not transfer) for the year.

Line 5860 – Tuition and education amounts transferred from a child

You can claim these amounts if the rules are met for claiming an amount on line 324 of federal Schedule 1.

Enter on line 5860 the total of all provincial amounts transferred to you that each student designated on his or her Form T2202, T2202A, TL11A, TL11B, or TL11C.

Notes

The student **must have entered this amount on line 20** of his or her Schedule NS(S11). He or she may have chosen to transfer an amount that is less than the available provincial amount. The student cannot transfer to you any unused tuition and education amounts carried forward from a previous year.

If the student was a resident of another province or territory on December 31, 2009, special rules may apply. Call the Canada Revenue Agency (CRA) to determine the amount you can claim on line 5860.

Other rules may apply if the student has a spouse or a common-law partner. See line 324 in the *General Income Tax and Benefit Guide*.

Receipts – If you are filing a paper return, **do not include the student’s Schedule NS(S11)**, forms, or official tuition fee receipts. Whether you are filing a paper return or electronically, keep all of your documents in case we ask to see them.

Line 5864 – Amounts transferred from your spouse or common-law partner

You can claim these amounts if the rules are met for claiming the amounts on line 326 of federal Schedule 1. Complete Schedule NS(S2), *Provincial Amounts Transferred From Your Spouse or Common-Law Partner*, to calculate your claim. Attach this schedule to your return.

Line 5868 – Medical expenses

The medical expenses you can claim on line 5868 are the same as those you can claim on line 330 of your federal Schedule 1. They have to cover the **same 12-month period** ending in 2009 and must not have been claimed on a 2008 return. Your total expenses have to be more than either 3% of your net income (line 236 of your return) or \$1,637, whichever is less.

Note

If the total medical expenses claimed are more than \$1,637 but less than \$2,011, it is important that you enter the amount on line 5868 **and** on line 330 of your federal Schedule 1.

Line 5872 – Allowable amount of medical expenses for other dependants

In addition to the medical expenses claimed on line 5868, you can claim medical expenses for other dependants.

The medical expenses you use to calculate your claim on line 5872 are the same as those used to calculate your federal claim on line 331. They have to cover the **same 12-month period** ending in 2009 and must not have been claimed on a 2008 return.

The total expenses for each dependant have to be more than either 3% of that dependant's net income (line 236 of his or her return) or \$1,637, whichever is less. The maximum amount you can claim is \$10,000 for each dependant.

Complete the calculation for line 5872 on the *Provincial Worksheet* in this book to determine your claim.

Line 5896 – Donations and gifts

To calculate your claim for line 5896, enter the amounts from lines 345 and 347 of federal Schedule 9 and multiply them by the rates at lines 27 and 28 of Form NS428.

Step 2 – Nova Scotia tax on taxable income

Enter on line 31 your taxable income from line 260 of your return. Use this amount to determine which **one** of the four columns you have to complete. Enter this amount on line 32 of the applicable column and complete the calculation.

Step 3 – Nova Scotia tax

Line 40 – Nova Scotia tax on split income

If you have to pay federal tax on split income on line 424 of your federal Schedule 1, complete Part 2 of Form T1206, *Tax on Split Income*, to calculate the provincial tax that applies to this income. Form T1206 also contains a special rule that applies to the amount you enter on line 428 of your return. You can find information on tax on split income in the *General Income Tax and Benefit Guide*.

Line 48 – Nova Scotia additional tax for minimum tax purposes

If you have to pay federal minimum tax as calculated on Form T691, *Alternative Minimum Tax*, you will also have to determine your Nova Scotia additional tax for minimum tax purposes.

To do this, complete the calculation on line 48 of Form NS428. You can find information about minimum tax in the *General Income Tax and Benefit Guide*.

Line 52 – Provincial foreign tax credit

If your federal foreign tax credit on non-business income is less than the related tax you paid to a foreign country, you may be eligible to claim a provincial foreign tax credit.

To claim the credit, get Form T2036, *Provincial or Territorial Foreign Tax Credit*, from the CRA's Web site or by contacting us (see the section called "For more information" at the beginning of this book).

Enter, on line 52 of Form NS428, the tax credit calculated on line 5 of Form T2036.

Receipts – Attach Form T2036 to your paper return. If you are filing electronically, keep all your documents in case we ask to see them.

Nova Scotia research and development tax credit recapture

If a partnership of which you are a member, or a trust of which you are a beneficiary, acquired property from a corporation in a non-arm's length transaction and, in 2009, converted the property to commercial use or disposed of it, you may have to include in your Nova Scotia tax payable all or part of the Nova Scotia research and development tax credit previously claimed by the corporation for the property.

For more information on the Nova Scotia research and development tax credit recapture, including instructions on how to calculate and report this amount, contact us (see the section called "For more information" at the beginning of this book).

Nova Scotia low-income tax reduction

You **can** claim this tax reduction if you were a resident of Nova Scotia on December 31, 2009, and **any** of the following conditions applied to you:

- you were 19 years of age or older;
- you had a spouse or common-law partner; or
- you were a parent.

If you had a spouse or common-law partner on December 31, 2009, you and your spouse or common-law partner must decide who will claim the tax reduction. Only one of you can make this claim for your family.

You **cannot** claim the tax reduction if, on December 31, 2009, you were confined to a prison or a similar institution and had been there for a total of more than six months during 2009.

You **can** claim the tax reduction for a person who died in 2009.

Adjusted family income

When you calculate your **adjusted family income** (lines 54 to 59 of Form NS428), complete columns 1 and 2 using the information from your and your spouse's or common-law partner's returns for the year.

Note

Enter your marital status and the information about your spouse or common-law partner (including his or her net income, even if it is zero) in the Identification area on page 1 of your return.

Line 61 – Basic reduction

Claim \$300 for yourself.

Line 62 – Reduction for spouse or common-law partner

Claim \$300 if you had a spouse or common-law partner on December 31, 2009.

Line 63 – Reduction for an eligible dependant

Claim \$300 if you claimed an amount on line 5816 on Form NS428. You cannot claim this amount if you have claimed an amount on line 62.

Line 64 – Reduction for dependent children born in 1991 or later

Enter beside box 6099 the number of dependent children you have who were born in 1991 or later.

Do not include a child for whom you claimed the reduction for an eligible dependant on line 63 of the form.

Claim \$165 for **each** of these dependants.

Only one person can claim the tax reduction for a child.

Who is a dependent child?

A dependent child is one who, on December 31, 2009, met **all** of the following conditions:

- was 18 years of age or younger;
- did not have a spouse or common-law partner;
- was not a parent; and
- either lived with you, or was claimed as a dependant only by you or your spouse or common-law partner.

Line 73 – Nova Scotia political contribution tax credit

You can claim a credit equal to 75% of the contributions you made in 2009 to recognized Nova Scotia political parties or to candidates seeking election in the Nova Scotia House of Assembly.

On line 73 of Form NS428, calculate and enter your credit to a maximum of \$750.

Receipts – For each contribution, attach to your paper return the official receipt signed by an official agent of the candidate or political party. If you are filing electronically, keep all of your documents in case we ask to see them.

Line 75 – Labour-sponsored venture capital tax credit

You can claim a credit equal to 20% of your investment in eligible shares you acquired in 2009 (that you did not claim on your 2008 return) or in the first 60 days of 2010.

If an RRSP for spouse or common-law partner became the first registered holder of the share, either the RRSP contributor or the annuitant may claim this credit for that share.

Enter on Form NS428 the cost of your shares shown on Form NSLSV, *Nova Scotia Labour-Sponsored Venture Capital Tax Credit*, issued by the relevant labour-sponsored venture capital corporation.

On line 75 of Form NS428, calculate and enter your credit to a maximum of \$2,000.

Receipts – Attach Form NSLSV to your paper return. If you are filing electronically, keep it in case we ask to see it.

Line 77 – Post-secondary graduate tax credit

Enter on this line any unused amount shown on your 2008 notice of assessment or notice of reassessment.

Line 79 – Graduate retention rebate

You can claim this credit if you meet **all** of the following conditions:

- you were a resident of Nova Scotia on December 31, 2009; and
- you graduated from an approved post-secondary institution in 2009.

You will be entitled to this rebate over a six-year period provided that you file an income tax return as a resident of Nova Scotia in the year you graduate and in the next five years. The total credit for the six years is \$15,000 for a university program and \$7,500 for a college program. You can claim this rebate for **one graduation only**, even if you graduate from more than one eligible program of post-secondary studies.

On line 79 of Form NS428, enter \$2,500 for a university program or enter \$1,250 for a college program.

Line 81 – Equity tax credit

You can claim this credit for investments in eligible shares you acquired in 2009 (that you did not claim on your 2008 return) or in the first 60 days of 2010.

To claim the credit, get Form T1285, *Nova Scotia Equity Tax Credit*, from the CRA's Web site or by contacting us (see the section called "For more information" at the beginning of this book).

Enter on line 81 of Form NS428 the tax credit calculated at line 6 of Form T1285.

Receipts – Attach Form T1285 along with Form NSETC-1, *Nova Scotia Equity Tax Credit*, to your paper return. If you are filing electronically, keep all of your documents in case we ask to see them.

Nova Scotia volunteer firefighters and ground search and rescue tax credit (line 83)

You can claim this credit if you meet **all** of the following conditions:

- you were a resident of Nova Scotia on December 31, 2009;
- you were a volunteer firefighter or a ground search and rescue volunteer for a minimum of six months during the period of January 1 to December 31, 2009;
- you did not receive salary, wages, or compensation, other than reasonable reimbursement or allowance for expenses; and
- for a volunteer firefighter, you were listed as a volunteer firefighter on the report filed by the fire chief of the volunteer fire department.

If you qualify for this credit, enter \$500 on line 83 of Form NS428.

If you are preparing a return for a person who died in 2009, you can claim this credit on the deceased person's final return if he or she was a resident of Nova Scotia on the day of death and met all of the conditions.