



# Northwest Territories Information Guide

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## New for the Northwest Territories for 2020

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The personal income levels used to calculate your Northwest Territories tax have changed.

The amounts for most territorial non-refundable tax credits have changed.

Beginning in 2020, the **Northwest Territories tuition and education amounts** will be reduced by any Canada training credit claimed for the year.

## Benefits for individuals and families of the Northwest Territories

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### Northwest Territories child benefit

The Northwest Territories child benefit (NWTCB) is a non-taxable amount paid monthly to provide additional support to eligible low and middle income families with children under 18 years of age. This benefit is combined with the Canada child benefit (CCB) into one monthly payment.

You do not need to apply for the Northwest Territories child benefit. The Canada Revenue Agency (CRA) will use the information from your CCB application to determine if you are entitled to receive this benefit.

### Northwest Territories cost of living offset

The Northwest Territories cost of living offset (NTCOLO) is a non-taxable amount paid to individuals and families to help offset the cost of the Northwest Territories carbon tax.

You do not need to apply for the Northwest Territories cost of living offset. The CRA will use the information from your return to determine if you are entitled to receive this benefit.

### File your return

To make sure you get your payments on time, you (and your spouse or common-law partner) need to file your 2020 Income Tax and Benefit Return(s) by April 30, 2021. The CRA will use the information from your return(s) to calculate the payments you are entitled to get from these programs.

The Northwest Territories child benefit and the Northwest Territories cost of living offset are fully funded by the Northwest Territories. For more information about these programs, go to [canada.ca/cra-benefits-prov-terr](https://canada.ca/cra-benefits-prov-terr) or call the CRA at 1-800-387-1193.

## Completing your Northwest Territories forms

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All the information you need to complete Form NT428, Northwest Territories Tax, and Form NT479, Northwest Territories Credit, is included in this package. Complete the forms that apply to you and attach a copy to your return.

Forms NT428 and NT479 and those mentioned in this guide are available at [canada.ca/cra-forms](https://canada.ca/cra-forms).

**End of the year** means any of the following dates:

- December 31, 2020
- the date you left Canada if you emigrated in 2020
- the date of death for a person who died in 2020

## Definitions

**Spouse** refers to a person you are legally married to.

**Common-law partner** refers to a person who is not your spouse but with whom you are in a conjugal relationship and **at least one** of the following conditions applies:

- This person has been living with you in a conjugal relationship for at least 12 continuous months (including any period of time where you were separated for less than 90 days because of a breakdown in the relationship)
- This person is the parent of your child by birth or adoption
- This person has custody and control of your child (or had custody and control immediately before the child turned 19 years of age) and your child is wholly dependent on them for support

# Form NT428, Northwest Territories Tax

Complete Form NT428 if **one** of the following applies:

- You were a resident of the Northwest Territories at the end of the year
- You were a non-resident of Canada in 2020 and **any** of the following applies:
  - You earned income from employment in the Northwest Territories
  - You received income from a business with a permanent establishment **only** in the Northwest Territories

## When to complete Form T2203, Provincial and Territorial Taxes for Multiple Jurisdictions

Complete Form T2203, Provincial and Territorial Taxes for Multiple Jurisdictions, **instead** of Form NT428, if **both** of the following apply:

- You resided in the Northwest Territories on December 31, 2020 (or the date you left Canada if you emigrated in 2020)
- All or part of your 2020 business income (including income received as a retired, inactive, or limited partner) was earned and can be allocated to a permanent establishment **outside** the Northwest Territories

You also must complete Form T2203 if **both** of the following apply:

- You were a non-resident of Canada throughout 2020
- You were carrying on business in **more than one** province or territory in Canada or were receiving income from an office or employment that can reasonably be attributed to duties performed in **more than one** province or territory in Canada

## Part A – Northwest Territories tax on taxable income

### Northwest Territories tax rates for 2020

The following tax rates are used in the calculation of your Northwest Territories tax on taxable income:

- 5.9% on the portion of your taxable income that is \$43,957 or less, **plus**
- 8.6% on the portion of your taxable income that is more than \$43,957 but not more than \$87,916, **plus**
- 12.2% on the portion of your taxable income that is more than \$87,916 but not more than \$142,932, **plus**
- 14.05% on the portion of your taxable income that is more than \$142,932

## Part B – Northwest Territories non-refundable tax credits

The eligibility conditions and rules for claiming most Northwest Territories non-refundable tax credits are the same as those for the federal non-refundable tax credits. However, the amount and calculation of most Northwest Territories non-refundable tax credits are different from the corresponding federal credits.

### Newcomers to Canada and emigrants

As a newcomer or an emigrant, you may be limited in the amount you can claim for certain territorial non-refundable tax credits.

If you reduced your claim for any of the following federal amounts, you also need to reduce your claim for the corresponding territorial amount in the same manner.

Federal amount on your return	Corresponding territorial amount on Form NT428
line 30000	line 58040
line 30100	line 58080
line 30300	line 58120
line 30400	line 58160
line 30425	line 58200
line 30450	line 58400
line 31600	line 58440
line 31800	line 58480
line 32400	line 58600
line 32600	line 58640

For examples on how to calculate these amounts, see Guide T4055, Newcomers to Canada.

### Line 58120 – Spouse or common-law partner amount

You can claim this amount if the rules are met for claiming the amount on line 30300 of your return and your spouse's or common-law partner's net income from line 23600 of their return (or the amount that it would be if they filed a return) is **less than \$15,093**.

### Line 58160 – Amount for an eligible dependant

You can claim this amount if the rules are met for claiming the amount on line 30400 of your return and your dependant's net income from line 23600 of their return (or the amount that it would be if they filed a return) is **less than \$15,093**.

## Line 58200 – Amount for infirm dependants age 18 or older

You can claim up to \$5,003 for each of your (or your spouse's or common-law partner's) dependent children or grandchildren born in 2002 or earlier who has an impairment in physical or mental functions.

You can also claim this amount for more than one person if each one meets **all** of the following conditions:

- They are your (or your spouse's or common-law partner's) parent, grandparent, brother, sister, aunt, uncle, niece, or nephew
- They were 18 years of age or older
- They were dependent on you (or on you and others) because of an impairment in physical or mental functions
- They were a resident of Canada at any time in the year

### Notes

You **cannot** claim this amount for a person who was only visiting you.

A **parent** includes someone you were completely dependent upon and who had custody and control of you when you were under 19 years of age.

A **child** includes someone who is completely dependent upon you for support and whom you have custody and control of, even if they are older than you.

You can claim this amount only if the dependant's net income from line 23600 of their return (or the amount that it would be if they filed a return) is **less than \$12,101**.

If you had to make support payments for a child, you cannot claim an amount on line 58200 for that child unless **both** of the following conditions apply:

- You were separated from your spouse or common-law partner for only part of 2020 because of a breakdown in your relationship
- You did not claim any support amounts paid to your spouse or common-law partner on line 22000 of your return

If **both** of these conditions are met, you can claim whichever of the following amounts is better for you:

- line 58200 of your Form NT428
- line 22000 of your return

### How to claim this amount

Complete the calculation for line 58200 using Worksheet NT428. If you are claiming this amount for more than one dependant, enter the total amount on line 58200 of your Form NT428.

### Note

The CRA may ask for a signed statement from a medical practitioner showing when the impairment began and how long it is expected to last. You do **not** need a signed statement from a medical practitioner if the CRA already has an approved Form T2201, Disability Tax Credit Certificate, for a specified period. The notice of determination will show which years you are eligible for.

## Claim made by more than one person

If you and another person support the same dependant, you can split the claim for that dependant. However, the total amount of your claim and the other person's claim cannot be more than the maximum amount allowed for that dependant.

## Line 58360 – Pension income amount

The amount you can claim on line 58360 is the amount on line 31400 of your return **or** \$1,000, **whichever is less**.

## Line 58400 – Caregiver amount

If, at any time in 2020, you (alone or with another person) kept a dwelling where you and one or more of your dependants lived, you may be able to claim up to \$5,002 for each dependant.

Each dependant must be **one** of the following:

- your (or your spouse's or common-law partner's) child or grandchild
- your (or your spouse's or common-law partner's) brother, sister, niece, nephew, aunt, uncle, parent, or grandparent who was a resident in Canada

### Note

You **cannot** claim this amount for a person who was only visiting you.

Also, each dependant must meet **all** of the following conditions:

- They were 18 years of age or older when they lived with you
- Their net income in 2020 from line 23600 of their return (or the amount that it would be if they filed a return) was **less than \$22,087**
- They were dependent upon you because of an impairment in physical or mental functions, or they were your (or your spouse's or common-law partner's) parent or grandparent born in 1955 or earlier

If you had to make support payments for a child, you cannot claim an amount on line 58400 for that child unless **both** of the following conditions apply:

- You were separated from your spouse or common-law partner for only part of 2020 because of a breakdown in your relationship
- You did not claim any support amounts paid to your spouse or common-law partner on line 22000 of your return

If **both** of these conditions are met, you can claim whichever of the following amounts is better for you:

- line 58400 of your Form NT428
- line 22000 of your return

### How to claim this amount

Complete the calculation for line 58400 using Worksheet NT428. If you are claiming this amount for more than one dependant, enter the total amount on line 58400 of your Form NT428.

### Claim made by more than one person

If you and another person support the same dependant, you can split the claim for that dependant. However, the total amount of your claim and the other person's claim cannot be more than the maximum amount allowed for that dependant.

#### Notes

If you or someone else is claiming the caregiver amount (line 58400) for a dependant, you cannot claim the amount for infirm dependants age 18 or older (line 58200) for that dependant.

If someone other than you is claiming the amount for an eligible dependant (line 58160), you cannot claim the caregiver amount for that dependant.

### Line 58440 – Disability amount for self

You can claim this amount if the rules are met for claiming the amount on line 31600 of your return.

If you were 18 years of age or older at the end of the year, enter \$12,239 on line 58440 of your Form NT428.

If you were under 18 years of age at the end of the year, use Worksheet NT428 to calculate the amount to enter on line 58440.

### Line 58480 – Disability amount transferred from a dependant

You can claim this amount if the rules are met for claiming the amount on line 31800 of your return.

#### Note

If you and your dependant were not residents of the same province or territory at the end of the year, special rules may apply. For more information, call the CRA at 1-800-959-8281.

### Line 58560 – Your tuition and education amounts

Complete Schedule NT(S11), Northwest Territories Tuition and Education Amounts.

#### Note

If you claimed the Canada Training Credit (CTC) on line 45350 of your return, the amount you enter on line 59140 of your Schedule NT(S11) is already reduced by the CTC claimed.

### Transferring amounts

If you do not use all of your 2020 tuition and education amounts to reduce your territorial income tax to zero, you can transfer all or part of the unused amount to **one** of the following designated individuals:

- your spouse or common-law partner (who would claim it on line 59090 of their Schedule NT(S2))
- your parent or grandparent (who would claim it on line 58600 of their Form NT428)
- your spouse's or common-law partner's parent or grandparent (who would claim it on line 58600 of their Form NT428)

### Note

If your spouse or common-law partner is claiming an amount for you on line 58120 or line 58640 of their Form NT428, you cannot transfer your unused current-year amount to your (or your spouse's or common-law partner's) parent or grandparent.

To **designate** who can claim the transferred amount and to **specify** the territorial amount they can claim, complete any of the following designated forms that you received as a student:

- Form T2202, Tuition and Enrolment Certificate
- Form TL11A, Tuition and Enrolment Certificate – University Outside Canada
- Form TL11C, Tuition and Enrolment Certificate – Commuter to the United States

Complete the "Transfer or carryforward of unused amounts" section of Schedule NT(S11) to transfer an amount.

### Carrying forward amounts

Complete the "Transfer or carryforward of unused amounts" section of Schedule NT(S11) to calculate the amount you can carry forward to a future year.

This amount is the part of your tuition and education amounts that you are not claiming for the current year and are not transferring to a designated individual.

### Supporting documents

If you are filing a paper return, attach your completed Schedule NT(S11). Keep your supporting documents in case you are asked to provide them later.

### Line 58600 – Tuition and education amounts transferred from a child

You may be able to claim the transfer of all or part of the unused 2020 tuition and education amounts from your child or grandchild or their spouse or common-law partner.

The maximum amount each student can transfer to you is \$5,000 **minus** the amount that they claimed.

### How to claim this amount

Enter, on line 58600, the total of all tuition and education amounts transferred to you from each student as shown on their forms T2202, TL11A, or TL11C.

### Notes

The student must enter this amount on line 59200 of their Schedule NT(S11). They may choose to transfer an amount that is less than the available territorial amount.

The student cannot transfer to you any unused tuition and education amounts carried forward from previous years.

If you and the student were not residents of the same province or territory on December 31, 2020, special rules may apply. For more information, call the CRA at 1-800-959-8281.

### **Line 58689 – Medical expenses for self, spouse or common-law partner, and your dependent children born in 2003 or later**

The medical expenses you can claim on line 58689 are the same as those you can claim on line 33099 of your return. They also have to cover the same 12-month period ending in 2020 and must be expenses that were not claimed for 2019.

### **Line 58729 – Allowable amount of medical expenses for other dependants**

You can claim medical expenses for other dependants in addition to the medical expenses for self, spouse or common-law partner, and your dependent children born in 2003 or later on line 58689.

The medical expenses you can claim on line 58729 are the same as those you can claim on line 33199 of your return. They also have to cover the same 12-month period ending in 2020 and must be expenses that were not claimed for 2019.

The maximum amount you can claim is \$5,000 for each dependant.

## **Part C – Northwest Territories tax**

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### **Line 50 – Northwest Territories tax on split income**

If you are reporting federal tax on split income on line 40424 of your return, complete Part 3 of Form T1206, Tax on Split Income, to calculate the Northwest Territories tax to enter on line 42800 of your return.

### **Line 57 – Northwest Territories additional tax for minimum tax purposes**

If you need to pay federal minimum tax as calculated on Form T691, Alternative Minimum Tax, complete the calculation on line 57 of your Form NT428 to determine your Northwest Territories additional tax for minimum tax purposes.

## **Form NT479, Northwest Territories Credit**

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### **Cost of living tax credit**

If you were a resident of the Northwest Territories at the end of the year, you can claim the cost of living tax credit which may include a supplement for you and your spouse or common-law partner. If this credit is more than the taxes you have to pay, you may get a refund for the difference.

To claim this credit, complete Form NT479, Northwest Territories Credit, and attach it to your return.

If you had a spouse or common-law partner on December 31, 2020, and you and your spouse or common-law partner are eligible for the cost of living tax credit supplement, only one of you can claim it for your family. You and your spouse or common-law partner need to decide who will claim this supplement.

### **Line 59 – Territorial 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 able to claim a territorial foreign tax credit.

#### **How to claim this credit**

Complete Form T2036, Provincial or Territorial Foreign Tax Credit.

#### **Supporting documents**

If you are filing a paper return, attach your Form T2036.

### **Line 62 – Northwest Territories political contribution tax credit**

You can claim this credit if, in 2020, you contributed to a candidate seeking election to the Northwest Territories Legislative Assembly.

#### **How to claim this credit**

Enter your total political contributions made in 2020 on line 62550 of your Form NT428. Then calculate and enter your credit on line 62 as follows:

- For contributions of **\$100 or less**, enter the amount of your contributions on line 62 of your Form NT428
- For contributions of **\$900 or more**, enter \$500 on line 62 of your Form NT428

Otherwise, complete the calculation for the line 62 using Worksheet NT428.

#### **Supporting documents**

If you are filing a paper return, attach the official receipt (signed by an official agent of the candidate) for each contribution.