



Newfoundland and Labrador Direct Equity Tax Credit (2017 and later tax years)

Corporation's name	Business number	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: center;">Tax year-end</td> <td style="text-align: center;">Year</td> <td style="text-align: center;">Month</td> <td style="text-align: center;">Day</td> </tr> <tr> <td style="text-align: center;"> </td> <td style="text-align: center;"> </td> <td style="text-align: center;"> </td> <td style="text-align: center;"> </td> </tr> </table>	Tax year-end	Year	Month	Day				
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- You can claim a Newfoundland and Labrador direct equity tax credit if you are an **eligible investor** that purchased **eligible shares** from a corporation carrying on an **eligible business** in Newfoundland and Labrador. (The terms in bold are defined in Section 2 of the *Direct Equity Tax Credit Regulations*.)
- Use this schedule to:
 - claim the credit to reduce Newfoundland and Labrador income tax payable in the current tax year (before deducting the amount for the small business tax holiday and the refundable credits);
 - calculate the credit you have available to carry forward;
 - request a carryback of the credit; or
 - transfer an unused credit after an amalgamation or the wind-up of a subsidiary, under sections 87 and 88 of the federal *Income Tax Act*. In this situation, you are considered to have acquired the unused credit in the tax year in which the credit was originally issued to the corporate investor.
- An unused credit earned in the current tax year is not refundable. Unused credits can be carried forward seven years and carried back three years.
- You may claim a credit equal to the lowest of the following amounts:
 - Newfoundland and Labrador income tax payable (before deducting the amount for the small business tax holiday and the refundable credits);
 - the amount indicated on the tax credit receipts issued in the current year plus unused credits from previous years; or
 - \$50,000 (this is the **maximum credit** you may claim in a year).
- File this schedule, Schedule 5 *Tax Calculation Supplementary – Corporations*, and each tax credit receipt issued by the Newfoundland and Labrador Department of Finance with your *T2 Corporation Income Tax Return*.

Part 1 – Total tax credit earned in the current tax year

Tax credit receipt number	Newfoundland and Labrador direct equity tax credit
100	103
Total credit earned in the current tax year	A

Part 2 – Calculation of credit available for carryforward

Unused credit at the end of the previous tax year	B		
Credit expired after seven tax years	104	_____	
Credit at the beginning of the tax year (amount B minus line 104) . . .	105	=====	▶ _____
Credit transferred on an amalgamation or wind-up of a subsidiary . . .	110	_____	
Current-year credit earned (amount A)	120	_____	
Subtotal (line 110 plus line 120)		=====	▶ _____ C
Total credit available (line 105 plus amount C)		=====	▶ _____ D
Credit claimed in the current year (cannot exceed \$50,000)	160	_____	
Enter on line 505 of Schedule 5.			
Credit carried back to previous tax years (complete Part 3)		_____	E
Subtotal (line 160 plus amount E)		=====	▶ _____ F
Closing balance – total credit available for carryforward (amount D minus amount F)		=====	200 _____

Part 3 – Request for carryback of credit

The maximum amount you can apply is the portion of your current-year credit earned that exceeds one of the following amounts, whichever is less:

- Newfoundland and Labrador income tax payable (before deducting the amount for the small business tax holiday and the refundable credits); or
- \$50,000.

Year	Month	Day

1st previous tax year Credit to be applied **901** _____
 2nd previous tax year Credit to be applied **902** _____
 3rd previous tax year Credit to be applied **903** _____

Total credit to be applied (enter at amount E) _____ **G**

Part 4 – Credit available for carryforward by tax year of origin

The carryforward period is 7 years. The amount available from the 7th previous tax year will expire after this tax year. When you file your return for the next year, you will enter the expired amount on line 104 of Schedule 303 for that year.

Year of origin		
Year	Month	Day

7th previous tax year ending on Credit available for carryforward _____
 6th previous tax year ending on _____
 5th previous tax year ending on _____
 4th previous tax year ending on _____
 3rd previous tax year ending on _____
 2nd previous tax year ending on _____
 1st previous tax year ending on _____
 Current tax year ending on _____

Total credit available for carryforward (equals line 200) _____ **H**