

**Nova Scotia Corporation Tax Calculation
(2016 and later tax years)**

Corporation's name	Business number	Tax year-end Year Month Day
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- Use this schedule if your corporation had a permanent establishment (as defined in section 400 of the federal *Income Tax Regulations*) in Nova Scotia, and had taxable income earned in the year in Nova Scotia and its offshore area.
- This schedule is a worksheet only and is not required to be filed with your *T2 Corporation Income Tax Return*.

Part 1 – Income subject to the lower and higher tax rate for Nova Scotia and its offshore areaTaxable income for Nova Scotia* **A****Income eligible for the lower tax rate for Nova Scotia and its offshore area:**Amount from line 400 of the T2 return** **B**Amount from line 405 of the T2 return **C**Amount from line 427
of the T2 return $\times \frac{350,000}{500,000} =$ **D**Amount B, C, or D, whichever is the least. **E**Amount E $\times \frac{\text{Taxable income for Nova Scotia}^*}{\text{Taxable income for all provinces}^{***}} =$ **F****Income subject to the higher tax rate for Nova Scotia and its offshore area** (amount A minus amount F) **G**
Enter amount F and/or amount G on the applicable line(s) in Part 3.

* If the corporation has a permanent establishment only in Nova Scotia or in the offshore area of Nova Scotia, enter the taxable income from line 360 of the T2 return. Otherwise, enter the total of the taxable incomes allocated to both jurisdictions in Nova Scotia (the province itself and the offshore area) from column F in Part 1 of Schedule 5, *Tax Calculation Supplementary – Corporations*.

** If the corporation is a member of a partnership, complete Part 2 to calculate income from active business.

*** Includes the territories and the offshore jurisdictions for Nova Scotia and Newfoundland and Labrador.

Part 2 – Income from active business when there is partnership income

Complete this part only if the corporation is a member of a partnership.

Amount U from Part 5 of Schedule 7 **H****Deduct partnership income:**Amount M from Part 4 of Schedule 7 **I**

J	K	L	M
Amounts from column F1 in Part 3 of Schedule 7	Amounts from column H1 in Part 3 of Schedule 7 multiplied by $\frac{350,000}{500,000}$	Column J minus column K (if negative, enter "0")	Lesser of columns J and K (if column J is negative, enter "0")
1.			
2.			
3.			
Totals		N	O

Amount on line 370 from Part 3 of Schedule 7 .. **P**Amount on line 380 from Part 3 of Schedule 7 .. **Q**Subtotal (amount P plus amount Q) **R**Enter amount N or amount R, whichever is less. **S**Specified partnership income (amount O plus amount S) **T**Partnership income (amount I minus amount T) **U****Income from active business** (amount H minus amount U) **V**
Enter at amount B in Part 1.

Part 3 – Nova Scotia tax before credits and of Nova Scotia offshore tax

Tax at the lower rate for Nova Scotia and its offshore area:

Amount F _____ × 3% = AA

Tax at the higher rate for Nova Scotia and its offshore area:

Amount G _____ × 16% = BB

Tax for Nova Scotia and its offshore area (amount AA **plus** amount BB) CC

Only one jurisdiction

If the taxable income is allocated only to Nova Scotia or to Nova Scotia offshore area, and the corporation is **not** claiming a Nova Scotia tax credit, enter amount CC on line 760 of the T2 return. If the corporation is claiming a credit, enter amount CC on line 215 or 220 of Schedule 5, whichever applies.

Jurisdictions in both Nova Scotia and Nova Scotia offshore area

If the corporation has taxable income allocated to both Nova Scotia and its offshore area, calculate the following:

Amount CC _____ × $\frac{\text{Taxable income for Nova Scotia offshore area}}{\text{Taxable income for Nova Scotia **plus** taxable income for Nova Scotia offshore area}}$ = DD

Nova Scotia offshore tax – enter amount DD on line 220 of Schedule 5.

Nova Scotia tax before credits (amount CC **minus** amount DD) EE
Enter amount EE on line 215 of Schedule 5.