

Tax Credit for the Retention of Persons With a Severely Limited Capacity for Employment

Qualified corporation

Form CO-1029.8.33.CS must be completed by any corporation that is claiming, for a taxation year, the tax credit for the retention of persons with a severely limited capacity for employment for the employer contributions the corporation paid for its eligible employees in a calendar year after 2019 ending in the taxation year. To qualify for the tax credit, the corporation must not be:

- exempt from income tax for the taxation year;
- a Crown corporation; or
- a subsidiary controlled by a Crown corporation.

The corporation must also meet the following requirements:

- It has an establishment in Québec and carries on a business in Québec.
- If it is claiming the tax credit for a taxation year ending after December 31, 2019, but before December 31, 2022, with respect to employer contributions paid for 2020 or 2021, both of the following apply to the corporation:
 - Its paid-up capital calculated on a consolidated basis¹ for the previous taxation year is less than \$15 million.
 - The number of remunerated hours of its employees, calculated for the taxation year, exceeds 5,000² (except if the corporation is in the primary or manufacturing sectors).

If the corporation is a member of a partnership that meets the above requirements, it can claim the tax credit as a member of a qualified partnership. Its share of the employer contributions that the qualified partnership paid for its eligible employees in a calendar year after 2019 ending in the taxation year can be taken into account in calculating the tax credit. In this case, enter the partnership's information in parts 2 and 3 of form CO-1029.8.33.CS and determine the corporation's share in part 4 of the form.

The qualified corporation or the qualified partnership may have paid salary or wages to an eligible employee that entitle it to claim the tax holiday from the employer contribution to the health services fund under the tax holiday for large investment projects. In that case, the qualified corporation or the qualified corporation that is a member of a qualified partnership cannot claim the refundable tax credit for the retention of persons with a severely limited capacity for employment with respect to the expenditure for the salary or wages.

Eligible employee

An eligible employee is an employee who meets the following requirements:

- The employee is either an employee of the corporation at a time in the calendar year that ended in the taxation year, or of the partnership at a time in the calendar year that ended in the fiscal period.
- The employee has a severe and prolonged impairment in mental or physical functions.³
- The employee is not an excluded employee⁴ at a time in the calendar year concerned.

An employee of the corporation or partnership in respect of whom the Minister of Labour, Employment and Social Solidarity has issued a certificate showing that the employee received an allowance in the year or in one of the past five calendar years under the Social Solidarity Program (established under the *Individual and Family Assistance Act*) is also an eligible employee.

Important

- Complete part 2 of a separate copy of form CO-1029.8.33.CS for each eligible employee for whom the corporation is claiming the tax credit.
- Complete separate copies of form CO-1029.8.33.CS if the qualified corporation is claiming the tax credit as a corporation and as a member of a qualified partnership.
- Enclose all copies of form CO-1029.8.33.CS with the corporation income tax return (form CO-17, *Déclaration de revenus des sociétés*). If, for any reason, you are unable to do so, you must send us the copies within 12 months after the filing deadline for the return for the year concerned.
- If the corporation was required to make instalment payments for the taxation year covered by form CO-1029.8.33.CS, the tax credit will be used to reduce the amount of the instalments.
- For more information, see sections 1029.8.36.59.58 to 1029.8.36.59.65 of the *Taxation Act*.

1 Information about the corporation

Québec enterprise number (NEQ) 01a [REDACTED]	Identification number 01b [REDACTED]	File IC 0001	
Name of corporation 02 [REDACTED]		End date of fiscal period 05 [REDACTED] Y Y Y Y M M D D	
06 Calendar year concerned ⁵ (calendar year ended in the taxation year or in the fiscal period, as applicable) [REDACTED] Y Y Y Y			

2 Qualified expenditure for an eligible employee

Complete part 2 of form CO-1029.8.33.CS for each eligible employee for whom the corporation is claiming the tax credit.

2.1 Information about the eligible employee

Employee's name	Social insurance number	Date of birth
07 [REDACTED]	08 [REDACTED]	09 [REDACTED]
		Y Y Y Y M M D D

2.2 Qualified expenditure

Enter the employer contributions that the corporation or partnership paid for the calendar year for the eligible employee.

Québec parental insurance plan premiums		10	[REDACTED]
Contributions related to labour standards	+	11	[REDACTED]
Contribution to the health services fund	+	12	[REDACTED]
Contributions to the Québec Pension Plan	+	13	[REDACTED]
Occupational health and safety insurance premiums	+	14	[REDACTED]
Add lines 10 through 14.	=	15	[REDACTED]
Assistance, ⁶ benefit or advantage ⁷ related to the expenditure on line 15	-	16	[REDACTED]
Subtract line 16 from line 15.			[REDACTED]
Qualified expenditure	=	17	[REDACTED]

3 Total amount of qualified expenditures

Complete parts 3, 4 and 5 on a single copy of form CO-1029.8.33.CS for all the qualified employees of the corporation or the partnership.

In the table in part 3, enter the name of each qualified employee and the amount from line 17 calculated for each of them. If there is not enough space, enclose another copy of form CO-1029.8.33.CS.

Employee name	Amount from line 17
	20
	+ 21
	+ 22
	+ 23
	+ 24
	+ 25
	+ 26
	+ 27
	+ 28
	+ 29
Add lines 20 through 29.	Total amount of qualified expenditures = 30 A

4 Corporation that is a member of a partnership

Complete part 4 of form CO-1029.8.33.CS only if the corporation is a member of a qualified partnership.

If the corporation is directly a member of a qualified partnership, enter the partnership's information on line 37 and carry the percentage interest⁸ of the corporation to line 38. Then complete lines 39 and 40.

If the corporation is a member of an interposed partnership that is a member of the qualified partnership, enter the required information about the partnerships on lines 36 and 37. If there is more than one interposed partnership, you must provide the required information for all of them. If there are more than three, provide the information for each additional interposed partnership on another copy of form CO-1029.8.33.CS. Then complete lines 38, 39 and 40.⁹

	A Name of partnership	B Québec enterprise number (NEQ)	C Identification number	D End date of fiscal period	E Percentage interest
				Y Y Y Y M M D D	
36	1. Interposed partnership				%
	2. Interposed partnership				
	3. Interposed partnership				
37	Qualified partnership				%

Multiply the percentages in column E. If you completed more than one copy of form CO-1029.8.33.CS, multiply the percentage interest in all the interposed partnerships from each copy completed. Then multiply the result by the percentage interest in the qualified partnership.

Corporation's percentage interest in the qualified partnership	38	%
Amount A calculated for the qualified partnership	39	
Multiply line 38 by line 39. Corporation's share of the qualified partnership's qualified expenditures	40	

5 Tax credit for the retention of persons with a severely limited capacity for employment

Total of amounts A or H, as applicable

Tax credit respecting any assistance, benefit or advantage that was repaid in the taxation year concerned and that is related to qualified expenditures for a previous taxation year¹⁰

Add lines 45 and 46. Enter the result on line 47 of form CO-1029.8.33.CS (amount V). Carry amount V (or the total of amounts V) to one of lines 440p through 440y of form CO-17, *Déclaration de revenus des sociétés*, and enter code 110 in the appropriate box.

Total of amounts A or H, as applicable	45	%
Tax credit respecting any assistance, benefit or advantage that was repaid in the taxation year concerned and that is related to qualified expenditures for a previous taxation year ¹⁰	46	
Tax credit for the retention of persons with a severely limited capacity for employment	47	

Special tax

If, in a future taxation year, you realize that the corporation should not have received all or part of the tax credit, the corporation must, by means of a special tax, repay the excess amount received. When completing form CO-17 for the year in question, enter the excess amount and code 98 in the spaces provided on that form for that purpose.

Notes

1. The paid-up capital calculated on a consolidated basis is the previous year's paid-up capital calculated on a worldwide basis for the corporation and any corporations associated with it, including any associated corporations not subject to the *Taxation Act*. It also includes the paid-up capital of any partnerships, trusts or individuals deemed to be associated with the corporation.

If the corporation is in its first taxation year, the paid-up capital must be determined on the basis of its opening balance sheet prepared in accordance with generally accepted accounting principles.

The paid-up capital corresponds to one of the following amounts, as the case may be, calculated for the previous year:
 - in the case of an insurance corporation, the amount on line 34 of form CO-1140.A, *Capital versé devant être utilisé à d'autres fins que le calcul de la taxe sur le capital* (do not take into account the deductions entered on lines 32 and 33);
 - in the case of a bank, a savings and credit union, a loan corporation, a trust corporation or a corporation trading in securities, the amount on line 34 of form CO-1140, *Calcul du capital versé d'une institution financière*, or, if it is in its first taxation year, the amount on line 34 of form CO-1140.A (do not take into account the deductions entered on lines 32 and 33); or
 - in the case of another corporation, the amount on line 392 of form CO-1136, *Calcul du capital versé*, or in the case of a corporation in its first taxation year or a cooperative, the amount on line 392 of form CO-1136.CS, *Capital versé devant servir au calcul de l'impôt de certaines sociétés* (do not take into account the amounts that are entered on lines 325 and 348 and attributable to the operation of a recognized business).
 The rules for determining the paid-up capital of a corporation apply to a partnership as if it were a corporation.
2. The number of remunerated hours of a corporation, for a taxation year, corresponds to the **greater** of:
 - the number of remunerated hours of the corporation's employees calculated for the taxation year concerned; and
 - the number of remunerated hours of the corporation's employees and the employees of the corporations with which it is associated in the taxation year concerned, for the taxation years of those corporations that ended in the calendar year preceding the calendar year in which the taxation year concerned ends.
3. The definition of a "severe and prolonged impairment in mental or physical functions" is the same as the definition used to determine whether an individual is eligible for an amount for a severe and prolonged impairment in mental or physical functions. For more information, see section 752.0.14 of the *Taxation Act*.
4. An excluded employee is:
 - a specified shareholder of a corporation, meaning a taxpayer who owns, directly or indirectly, at a time in the taxation year, not less than 10% of the issued shares of any class of the capital stock of the corporation or of any other corporation that is related to the corporation, or a person that is not dealing at arm's length with such a taxpayer;
 - a specified member of a cooperative, meaning a member having obtained, directly or indirectly, at a time in the taxation year, not less than 10% of the votes at a meeting of the members of the cooperative or a person not dealing at arm's length with such a specified member; or
 - an employee of a partnership who is **either**:
 - a member of that partnership or a person not dealing at arm's length with such a member, **or**
 - a specified shareholder or a specified member of a member of that partnership or a person not dealing at arm's length with such a shareholder or such a member.
5. The calendar year concerned must be after 2019. If more than one calendar year ends in the taxation year of the qualified corporation, the tax credit that the corporation can claim for the taxation year corresponds to the total of the amounts determined in respect of each calendar year that ended in the taxation year. This rule applies, adapted as required, for the calculation of the tax credit to which a qualified corporation that is a member of a qualified partnership is entitled for a taxation year in which a fiscal period of the partnership ends, if more than one calendar year ends in that period.
6. "Assistance" refers to both government and non-government assistance that the qualified corporation received, is entitled to receive or may reasonably expect to receive within six months after the end of the year covered by form CO-1029.8.33.CS. It does not refer to amounts received and repaid in the year covered by the form. The term is defined in section 1029.6.0.0.1 of the *Taxation Act*. The term, adapted as required, also applies to a partnership.
7. "Benefit" or "advantage" refers to any benefit or advantage that the corporation obtained, is entitled to obtain or may reasonably expect to obtain within six months after the end of the year covered by form CO-1029.8.33.CS. Amounts received and repaid in the year covered by the form do not constitute benefits or advantages. A benefit or advantage may be a reimbursement, compensation or guarantee, or the proceeds of disposition of property that exceed the fair market value of the property disposed of. It may also be granted in any other form or manner. These terms, adapted as required, also apply to a partnership.
8. "Percentage interest" refers to the corporation's share of the partnership's income (or loss) for its fiscal period, divided by the partnership's income (or loss) for its fiscal period. If the partnership has no income or loss for its fiscal period, do the calculation as if the partnership had income of \$1,000,000.
9. If the corporation is a member of a qualified partnership through a number of groups of interposed partnerships, calculate the corporation's percentage interest in the partnership separately for each such group, and complete form CO-1029.8.33.CS as follows:
 - On line 36 (columns A to E), enter the required information about all the interposed partnerships in each group.
 - On line 37 (columns A to D), enter the required information about the qualified partnership.
 - On line 38, enter the corporation's total percentage interest in the qualified partnership (the sum of the corporation's percentage interests in the qualified partnership, calculated for each group).
 - Complete lines 39 and 40.
10. To determine the amount to be entered on line 46 (if any), recalculate the tax credit for the previous year (amount V calculated for the previous year) as if the corporation never received, in the previous year, the assistance, benefit or advantage repaid in the year concerned. Thus, you must redo the tax credit calculations done on the copy of form CO-1029.8.33.CS completed for the previous taxation year. The amount to be entered corresponds to the amount by which the recalculated tax credit exceeds the tax credit for the previous year.