

Courtesy Translation

Corporations established in Québec are required to communicate with Revenu Québec in French. For this reason, Revenu Québec does not produce an English version of the forms to be used by corporations. However, Revenu Québec provides translations of the content of the forms for information purposes.

Employee Training Tax Credit for Small and Medium-sized Businesses

Qualified corporation

Form CO-1029.8.36.FO must be completed for any corporation that wishes to claim the employee training tax credit for small and medium-sized businesses. In order for a corporation to qualify for the tax credit:

- it must not be exempt from income tax;
- it must not be a Crown corporation or a subsidiary wholly-owned corporation of such a corporation;
- it must have an establishment in Québec and carry on a business in Québec;
- its total payroll,¹ including the payroll of any employers associated with it, must be less than \$7,000,000 for the taxation year; and
- it must have incurred the eligible training expenditures after March 27, 2018, and before January 1, 2023, in respect of its eligible employees.

A corporation that is a member of a partnership that meets the aforementioned conditions can claim the tax credit as a member of a partnership. In that case, enter the partnership's information in parts 2 and 3 of form CO-1029.8.36.FO and then determine the corporation's share in Part 4.

Eligible employee

An employee is an eligible employee if:

- he or she:
 - is an employee of an establishment in Québec of the corporation or partnership;
 - holds full-time employment, working a minimum of 26 hours per week over an expected minimum period of 40 weeks; and
 - is not an excluded employee;² and
- his or her duties consist in undertaking or directly supervising activities of the qualified corporation or the partnership in an establishment in Québec of the corporation or partnership.

Eligible training

To be eligible, the particular training must be provided by a recognized educational institution³ to an eligible employee during an eligible training period.

The training may lead to the awarding of a diploma, although that is not an eligibility requirement for purposes of the tax credit.

The term "eligible training period" refers to a period, included in an eligible employee's normal hours of work, during which the employee is given time away from his or her usual duties to participate in the particular eligible training.

Important information

- Complete Part 2 on a separate copy of form CO-1029.8.36.FO for each eligible employee in respect of whom the corporation is claiming the tax credit. If an eligible employee participated in more than one training opportunity, complete Part 2 on a separate copy of the form for each of them. Complete parts 3, 4 and 5 on a single copy of the form.
- If the qualified corporation is claiming the tax credit both as a corporation and as a member of a partnership, complete separate copies of form CO-1029.8.36.FO.
- Enclose all completed copies of form CO-1029.8.36.FO with the corporation income tax return (CO-17, *Déclaration de revenus des sociétés*). If, for any reason, you are unable to enclose the required documents with the return, you must send them to us within 12 months after the filing deadline for the return for the year.
- If the corporation was required to make instalment payments for the taxation year covered by form CO-1029.8.36.FO, this tax credit will be used to reduce the amount of those payments.

1 Information about the corporation

- | | |
|-----|--|
| 01a | Québec enterprise number (NEQ) |
| 01b | Identification number File (IC 0001) |
| 02 | Name of corporation |
| 05 | End date of fiscal period (YYYYMMDD) |

2 Eligible training expenditures

Complete Part 2 of form CO-1029.8.36.FO for each eligible employee in respect of whom the corporation is claiming the tax credit. If an employee participated in more than one training opportunity, complete Part 2 for each of them.

2.1 Information about the eligible employee

08	Last name
08a	First name
08b	Social insurance number

2.2 Information about the recognized educational institution

09	Name of the recognized educational institution
09a	Organization code or number of the permit issued by the Ministère de l'Éducation et de l'Enseignement supérieur (MEES)
09b	Address
09c	Postal code
09d	Name of the particular training
09e	Number of the particular training
09f	Start date of the particular eligible training (YYYYMMDD)
09g	End date of the particular eligible training (YYYYMMDD)
09h	Number of hours of training ⁴

2.3 Eligible training expenditures

10	Salary, ⁵ calculated on an hourly basis, that the employee received while participating in the particular eligible training
11	Government assistance or non-government assistance ⁶ received or to be received in respect of that salary (calculated on an hourly basis)
12	Subtract line 11 from line 10 (maximum: \$35).
13	Number of hours of eligible training (the number on line 22)
14	Multiply line 12 by line 13.
15	Benefits or advantages ⁷ received that are related to the particular eligible training in which the eligible employee participated
18	Subtract line 15 from line 14. Eligible training expenditures

S

2.4 Number of hours of eligible training

19	Maximum number of hours pertaining to the particular eligible training. Enter 520.
20	Total number of hours entered on line 13 of all the other copies of form CO-1029.8.36.FO already completed for the eligible employee
21	Subtract line 20 from line 19.
22	Enter on lines 13 and 22 the number on line 09h or line 21, whichever is less. Number of hours of eligible training

2.5 Reduction of eligible training expenditures that may give rise to more than one tax credit

Complete section 2.5 if the corporation has claimed another tax credit in respect of a portion of the salary incurred with regard to the eligible training and paid to the eligible employee, or if a person or a member of a partnership other than the qualified corporation may be entitled to a tax credit in respect of all or a portion of that salary.⁸

2.5.1 Training expenditures calculated without taking into account the maximum number of hours pertaining to any particular eligible training

23	Amount on line 12
24	Number of hours on line 09h (maximum: 40 hours per week)
25	Multiply line 23 by line 24.
	Training expenditures calculated without taking into account the maximum number of hours pertaining to any particular eligible training

2.5.2 Salary in respect of which another tax credit has been claimed or may be claimed

26	Portion of the amount on line 25 in respect of which the qualified corporation has claimed another tax credit
27	All or a portion of the amount on line 25 in respect of which a person or a member of a partnership other than the qualified corporation may be entitled to a tax credit
28	Add lines 26 and 27. Salary in respect of which another tax credit has been claimed or may be claimed

2.5.3 Reduced eligible training expenditures

33	$\frac{29 \text{ Amount on line 25} - 30 \text{ Amount on line 28}}{31 \text{ Amount on line 25}} \times 32 \text{ Amount S} \blacktriangleright$	Reduced eligible training expenditures
		S.1

3 Total eligible training expenditures

Complete parts 3, 4 and 5 on a single copy of form CO-1029.8.36.FO for all the eligible employees.

In the table in Part 3, enter the name of each eligible employee and amount S or amount S.1, as applicable, calculated for each of them. If there is not enough space, enclose another copy of form CO-1029.8.36.FO.

	Name of employee	Amount S or amount S.1
34		
35		
36		
37		
38		
39		
40		
41		
42		
43	Add lines 34 through 42 of all completed copies of form CO-1029.8.36.FO.	
	Total eligible training expenditures	A

4 Corporation that is a member of a partnership

Complete Part 4 of form CO-1029.8.36.FO only if the corporation is a member of a partnership.

If the corporation is directly a member of the partnership concerned, enter the information about the partnership on line 45 and carry the corporation's percentage interest⁹ to line 46. Then complete lines 47 and 49.

If the corporation is a member of an interposed partnership that is a member of the partnership concerned, provide the required information about both partnerships on lines 44 and 45, respectively. If there is more than one interposed partnership, you must provide the required information for all of them. If there are more than three interposed partnerships, provide the information for each additional interposed partnership on another copy of the form. (All copies of the form must be filed together.) Then complete lines 46, 47 and 49.¹⁰

	A Name of partnership	B Québec enterprise number (NEQ)	C Identification number	D End date of fiscal period YYYYMMDD	E Percentage interest	
44	1. Interposed partnership				%	
	2. Interposed partnership				%	
	3. Interposed partnership				%	
45	Partnership concerned				%	
46	Multiply the percentages in column E. If you have completed more than one copy of the form, multiply the percentage interests in all the interposed partnerships from each copy completed. Then multiply the result by the percentage interest in the partnership concerned. Corporation's percentage interest in the partnership					%
47	Amount A calculated for the partnership					
48	Multiply line 46 by line 47. Corporation's share of the partnership's eligible training expenditures					H

5 Employee training tax credit for small and medium-sized businesses

54	Eligible training expenditures (amount A or amount H, as applicable)	
55	Maximum tax credit rate	30%
56	Qualified corporation's total payroll for the taxation year. If the corporation is claiming the tax credit as a member of a partnership, enter the partnership's total payroll for the fiscal period instead. ¹¹	
57	Payroll amount in excess of which a rate reduction applies. Enter 5,000,000 on form CO-1029.8.36.FO.	
58	Subtract line 57 from line 56. If the result is negative, enter 0.	
59	Enter 2,000,000.	
60	Divide line 58 by line 59.	
61	Tax credit rate. Enter 30%.	%
62	Multiply line 60 by line 61. Rate reduction	%
63	Subtract line 62 from line 55. If the result is negative, enter 0. Tax credit rate based on the total payroll of the corporation or partnership	%
65	Multiply line 54 by line 63.	
68	Tax credit in respect of assistance, a benefit or an advantage that was repaid in the taxation year concerned and that is related to eligible training expenditures of a previous taxation year ¹²	
69	Add lines 65 and 68. Carry amount V (or the total of amounts V) to one of lines 440p through 440y of form CO-17, <i>Déclaration de revenus des sociétés</i> , and enter code 104 in the appropriate box. Employee training tax credit for small and medium-sized businesses	V

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 92 in the spaces provided on that form for that purpose.

Notes

1. The total payroll of a qualified corporation or a partnership for a taxation year or a fiscal period, as applicable, corresponds to the total payroll determined in the manner provided by the *Act respecting the Régie de l'assurance maladie du Québec* (CQLR, c. R-5). It must include the total payroll of any corporations or partnerships associated with the corporation or partnership.
2. The term "excluded employee" means, in particular:
 - a specified shareholder of a corporation, that is, a taxpayer who owns, directly or indirectly, at any time in the taxation year, at least 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;
 - a specified member of a cooperative, that is, a member who has, directly or indirectly, at any time in the taxation year, at least 10% of the votes at a meeting of the members of the cooperative;
 - an employee of a partnership who is a member of the partnership or a specified shareholder or specified member of such a member, or an employee who is not dealing at arm's length with such a member, specified shareholder or specified member; and
 - an employee of the corporation or partnership who may reasonably be considered to be in one of the following situations:
 - one of the purposes of his or her employment is to allow the qualified corporation or a corporation that is a member of a partnership, as applicable, to claim the tax credit in respect of the employee; or
 - his or her conditions of employment have been changed mainly to allow the qualified corporation or a corporation that is a member of a partnership, as applicable, to claim the tax credit or increase the amount thereof.
3. The term "recognized educational institution" means:
 - a secondary-level or college-level educational institution under the authority of the Ministère de l'Éducation et de l'Enseignement supérieur (MEES);
 - an educational institution accredited for purposes of obtaining subsidies pursuant to section 77 of the *Act respecting private education* (CQLR, c. E-9.1);
 - an educational institution appearing on the list established by the Minister of Higher Education, Research, Science and Technology under any of subparagraphs (1) to (3) of the first and second paragraphs of section 56 of the *Act respecting financial assistance for education expenses* (CQLR, c. A-13.3); or
 - an educational institution operated by a person holding a permit issued by the Minister of Education, Recreation and Sports pursuant to section 12 of the *Act respecting private education*, provided it offers a vocational education or vocational training program referred to in Chapter I of that Act.
4. The number of hours per week to be taken into account in calculating the number on line 09h of form CO-1029.8.36.FO must not be more than 40.
5. In this form, the term "salary" refers to both wages and salary. Wages or salary is the income calculated under Chapters I and II of Title II of Book III of Part I of the *Taxation Act*, but does not include directors' fees, premiums, incentive bonuses, overtime compensation (other than remuneration related to an eligible training period), commissions or benefits referred to in Division II of Chapter II of Title II of Book III of Part I of the *Taxation Act*.
 Where the conditions of the contract of employment of an eligible employee do not allow his or her wages or salary to be calculated on an hourly basis, the hourly rate is considered equal to the amount obtained by dividing the annual wages or salary by 2,080.
 An employee's salary must have been paid by the time the tax credit is claimed.
6. The term "assistance" refers to any government assistance and any non-government assistance that the qualified corporation received, is entitled to receive or may reasonably expect to receive on or before the day that is six months after the end of the taxation year covered by form CO-1029.8.36.FO. The term does not include any amount received and repaid in the taxation year in respect of which the tax credit is claimed. "Government assistance" and "non-government assistance" are defined in section 1029.6.0.0.1 of the *Taxation Act*. This concept, adapted as required, also applies to partnerships.
7. The phrase "benefit or advantage" refers to any benefit or advantage that the corporation obtained, is entitled to obtain or may reasonably expect to obtain on or before the day that is six months after the end of the taxation year covered by form CO-1029.8.36.FO. The phrase does not refer to any amount received and repaid in the taxation year in respect of which the tax credit is claimed. A benefit or advantage may be a reimbursement, compensation, guarantee or proceeds of disposition of property that exceed the fair market value of the property, or may be granted in any other form or manner. This concept, adapted as required, also applies to partnerships.
8. Where, for a taxation year, the salary paid to an employee (or a similar eligible expenditure) may qualify for more than one tax credit, certain restrictions apply. However, if only a portion of the salary (or expenditure) is used to claim a tax credit, another portion thereof may be used to claim another tax credit under certain conditions.
 Where a person or partnership has paid to the qualified corporation all or a portion of the salary related to an expenditure or costs under a particular contract, the person or a member of the partnership may also be entitled to a tax credit. For more information, refer to sections 1029.6.0.1 and 1029.6.0.1.2.1 to 1029.6.0.1.2.3 of the *Taxation Act*.
9. The term "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.
10. If the corporation is a member of a partnership through a number of groups of interposed partnerships, calculate the corporation's percentage interest in the partnership concerned separately for each such group, and complete form CO-1029.8.36.FO as follows:
 - On line 44 (columns A to E), enter the required information about all the interposed partnerships in each group.
 - On line 45 (columns A to D), enter the required information about the partnership concerned.
 - On line 46, enter the corporation's total percentage interest in the partnership concerned (the sum of the corporation's percentage interests in the partnership concerned, calculated for each group).
 - Complete lines 47 and 49.
11. See note 1.
12. To determine the amount to be entered on line 68 of form CO-1029.8.36.FO (where applicable), 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-1029.8.36.FO 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.