

Foreign Tax Credit

Use this form to claim a foreign tax credit for a given taxation year for an individual or a trust. It cannot be used by a corporation.

To be entitled to the foreign tax credit, the individual (or trust) must have been resident in Québec:

- on December 31 of the taxation year;
- on the last day of residence in Canada (if the individual ceased to reside in Canada during the taxation year); or
- on the date of death (if the individual died during the taxation year).

“Foreign income tax” means an amount of income tax or profits tax paid to the government of a foreign country or a political subdivision of a foreign country. You can claim a tax credit only for paid, non-refundable foreign income tax. Moreover, any taxes paid by an employee to the government of the United States under the *Federal Insurance Contributions Act* (FICA) are considered foreign income tax.

The credit is calculated differently according to whether or not the foreign income tax relates to business income. In this form, “business income” means income from an establishment located in the foreign country. “Non-business income” means all other income from a source located in the foreign country on which you paid income tax to that country.

Enclose a duly completed copy of this form with your income tax return (or that of the trust). Complete a copy of the form for each foreign country to which you paid income tax and enclose the relevant supporting documents. The information provided on the form must apply only to the country concerned.

01	Social insurance number (individual)	02	Identification number (trust)	03	Taxation year
04	Last name and first name of individual or name of trust				
05	Name of foreign country				

The line numbers in parentheses below refer to the personal income tax return, unless otherwise indicated.

1 Income tax otherwise payable*

Income tax on taxable income (line 401)		10	
Special tax on the split income (included on line 443)	+	11	
Tax adjustment respecting the portion accrued to December 31, 1971, of a single payment (included on line 402 of Schedule E)	+	12	
Add lines 10 through 12.	=	13	
Non-refundable tax credits (line 399), not including the tax credit for recent graduates working in remote resource regions (line 392)		14	
Carry-forward of alternative minimum tax (line 13 of Schedule E)	+	15	
Add lines 14 and 15.	=	16	
Subtract line 16 from line 13. If the result is negative , enter 0.	=	17	
Enter the amount from line 17 or, if you completed form TP-22-V, <i>Income Tax Payable by an Individual Who Carries On a Business in Canada, Outside Québec</i> , a portion of the amount on line 17 calculated using the percentage from line 35 of the form. Income tax otherwise payable		18	

*The term “income tax otherwise payable” is defined in section 772.2 of the *Taxation Act*.

2 Income for the taxation year for the purposes of determining the credit

Net income (line 275 plus the amount from line 276 respecting income averaging for forest producers)		20	
Net capital losses from other years (line 290)		21	
Capital gains deduction (line 292)	+	22	
Deduction for an Indian (line 293), deductions for certain income (line 295) and miscellaneous deductions (line 297). Do not include amounts from line 295 respecting the deduction for split income. From line 297, do not include amounts covered under points 13, 24 and 25.	+	23	
Add lines 21 through 23.	=	24	
Subtract line 24 from line 20. Income for the taxation year for the purposes of determining the credit	=	25	



3 Foreign tax credit respecting non-business income

3.1 Foreign income tax giving entitlement to the credit

Foreign income tax paid on non-business income (this amount may be shown in box G of the RL-3 slip, box 17 of the RL-15 slip, box L of the RL-16 slip or in box H of the RL-25 slip)

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Portion of the amount on line 30 that is foreign income tax:

- paid on income used to calculate the tax for experienced workers (line 391) 31

- paid with respect to property other than an immovable and exceeding 15% of the foreign income (excluding capital gains) from the property + 32

- deducted in the calculation of business or property income pursuant to section 146.1 of the *Taxation Act* + 33

- relating to an amount that another person or a partnership received (or is entitled to receive) from the government of the foreign country + 34

- deducted in the calculation of business or property income pursuant to subsection 20(12) of the *Income Tax Act* (Statutes of Canada) and exceeding the amount on line 33 above + 36

- attributable to a taxable capital gain in respect of which an individual or his or her spouse is claiming a capital gains deduction on line 292 of the return + 37

- paid on an amount that is deductible for a sailor working on a vessel engaged in international freight transportation or a foreign specialist working for an international financial centre (IFC) [line 297] + 38

- paid on income that is tax-exempt in Québec or in Canada under a tax agreement (line 297) + 39

- paid with respect to property other than capital property, if there is no reasonable expectation of deriving a profit from the property in the period during which it is held + 40

- allocated to a beneficiary, if the credit is being claimed by a trust + 41

Federal foreign tax credit according to the federal return (except the portion of the credit that relates to business income)* + 42

Add lines 31 through 42. =

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Subtract line 48 from line 30.

If the result is 0 or a **negative** amount, go directly to line 59 and enter 0. **Foreign income tax giving entitlement to the credit** = 49

* If the individual is subject to the alternative minimum tax in the federal income tax return and, according to form T691 (or, in the case of a trust, Schedule T3SCH12), the special foreign tax credit to which the individual is entitled is greater than the federal foreign tax credit, enter on line 42 the result obtained by multiplying the special foreign tax credit by the ratio between the foreign income on line 57 and the total foreign income (lines 57 and 82).

3.2 Foreign income and credit

Non-business income (including the amount by which taxable capital gains exceed allowable capital losses), calculated before the deductions below and respecting which the foreign income tax on line 30 was paid (this income may be shown in boxes F and K-1 of the RL-3 slip, boxes 4 and 8 of the RL-15 slip, box F of the RL-16 slip, boxes B and D of the RL-25 slip or in Schedule G). See the **note** at the end of this form.

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Enter the amounts deducted or deductible from the income on line 50.

- Employment expenses and deductions (line 207) 51

- Other amounts deducted + 52

- Capital gains deduction (line 292) + 53

- Deduction for copyright income, or deductions that may be claimed for a sailor working on a vessel engaged in international freight transportation or for a foreign specialist working for an international financial centre (IFC) [line 297] + 55

Add lines 51 through 55. =

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Subtract line 56 from line 50. If the result is **negative**, enter 0.

Foreign income = 57

Amount from line 18 × $\frac{\text{Amount from line 57 } \input{type="text"}}{\text{Amount from line 25 } \input{type="text}}$ ▶

58	
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Enter the amount from line 18, 49 or 58, whichever is **least**. If foreign income tax was paid on business income, continue completing this form. Otherwise, carry the amount to line 409 of Schedule E.

Foreign tax credit respecting non-business income

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4 Foreign tax credit respecting business income

4.1 Foreign income tax giving entitlement to the credit

Foreign income tax paid on business income (this income tax may be shown in box 18 of the RL-15 slip or in box K of the RL-16 slip)				60	
Portion of the amount on line 60 that is foreign income tax:					
• paid on income used to calculate the tax credit for experienced workers (line 391)		61			
• paid on income that is tax-exempt in Québec or in Canada under a tax agreement (line 297)	+	62			
• relating to an amount that another person or a partnership received (or is entitled to receive) from the government of the foreign country	+	63			
• paid on an amount that is deductible for a foreign specialist working for an international financial centre (IFC) [line 297]	+	64			
• paid with respect to property other than capital property, if there is no reasonable expectation of deriving a profit from the property in the period during which it is held	+	65			
• allocated to a beneficiary, if the credit is being claimed by a trust	+	66			
Add lines 61 through 66.	=			68	
Subtract line 68 from line 60.	=			69	
	×				45%
Multiply line 69 by 45%.	=			70	

Foreign income tax giving entitlement to the credit

Complete lines 71 through 73 only if you wish to carry over an unused portion of foreign tax credits respecting business income. Otherwise, go directly to line 74 and enter the amount from line 70.

Unused portion of foreign tax credits respecting business income, for each of the seven taxation years preceding the year concerned, or the ten taxation years preceding the year concerned if the year of carry-over ended after March 22, 2004, and the three taxation years following the year concerned*		71			
Portion of the amount on line 71 that has already been carried to another year	-	72			
Subtract line 72 from line 71.	=			73	
Add lines 70 and 73.	=			74	

* For each of the seven years preceding the year concerned, or the ten taxation years preceding the year concerned if the year of carry-over ended after March 22, 2004, and the three taxation years following the year concerned, the unused portion of the tax credit is equal to the result obtained on line 95 of form TP-772-V of the year in question.

4.2 Foreign income and credit

Business income calculated before the deductions below and respecting which the foreign income tax on line 60 was paid (this income may be shown in box 2 of the RL-15 slip or in box E of the RL-16 slip). See the note at the end of this form.				80	
Portion of the amount on line 80 that may be claimed for copyright income or for a foreign specialist working in an international financial centre (IFC) [line 297]				81	
Subtract line 81 from line 80. If the result is negative , enter 0.				82	
Amount from line 18 <input type="text"/> × $\frac{\text{Amount from line 82 } \langle \text{input} \rangle}{\text{Amount from line 25 } \langle \text{input} \rangle}$				84	
Amount from line 18		85			
Amount from line 59, if you completed Part 3	-	86			
Subtract line 86 from line 85.	=			87	
Enter the amount from line 74, 84 or 87, whichever is least . If you did not complete Part 3, go directly to line 90 and enter the amount from line 88.				88	

Foreign tax credit respecting business income

Complete the lines below to calculate the total credit and, if applicable, the unused portion of the credit, which may be carried back three years or forward seven years, or carried forward ten years if the taxation year concerned ended after March 22, 2004.

Amount from line 59, if you completed Part 3				89	
Add lines 88 and 89.				90	<input type="text"/>
Carry the result to line 409 of Schedule E.					
Amount from line 70		93			
Amount from line 88	-	94			
Subtract line 94 from line 93. Unused portion of the credit for the taxation year concerned	=			95	

Note: Do not include any income that:

- is tax-exempt in Québec or in Canada under a tax agreement;
- is exempt from foreign income tax; or
- is allocated to a beneficiary, in the case of a trust.

