

# Foreign Tax Credit

Use this form to claim a foreign tax credit for a given taxation year. The form can also be completed by a trust, but not by a corporation.

To be entitled to the foreign tax credit, an individual (including a trust) must have been resident in Québec

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

"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 to the government of the United States under the *Federal Insurance Contributions Act* 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 concerned. "Non-business income" means all other income, from a source located in the foreign country on which you paid income tax to the 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.

Taxation year

Name of foreign country

Social insurance number (individual)

or

Last name and first name of individual or name of trust

Identification number (trust)

The line numbers in the parentheses below refer to the personal income tax return (form TP-1-V), unless otherwise indicated.

## 1 Income tax otherwise payable\*

Income tax on taxable income (line 401)			1
Special tax on the split income of a child (included on line 443)	+		2
Tax adjustment respecting the portion accrued to December 31, 1971, of a single payment (included on line 402 of Schedule E)	+		3
Add lines 1 through 3.	=		4
Non-refundable tax credits (line 399), not including the tax credit for recent graduates working in remote resource regions (line 392)			5
Carry-forward of alternative minimum tax (line 13 of Schedule E)	+		6
Add lines 5 and 6.	=		7
Subtract line 7 from line 4.	=		8
Enter the amount from line 8, or the portion of that amount determined on the basis of the percentage indicated on line 35 of form TP-22-V (if you are completing that form).			10
<b>Income tax otherwise payable</b>			

\*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 the income-averaging measure for owners of woodlots)			11
Net capital losses from other years (line 290)			12
Capital gains deduction (line 292)	+		13
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 the split income of a child. From line 297, do not include amounts covered under points 13, 24 and 25.			14
Add lines 12 through 14.	=		15
Subtract line 15 from line 11.			17
<b>Income for the taxation year for the purposes of determining the credit</b>			

### 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 income tax may be indicated in box G of the RL-3 slip; in box 17 of the RL-15 slip; in box L of the RL-16 slip; or in box H of the RL-25 slip)

	20
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Enter below any portion of the amount on line 20 that is foreign income tax:

- paid on income used to calculate the tax for workers 65 or older (line 391) 21
- paid with respect to property other than an immovable, that exceeds 15% of the foreign income (excluding capital gains) from the property 22
- deducted in the calculation of business or property income pursuant to section 146.1 of the *Taxation Act* 23
- relating to an amount that another person or a partnership received (or is entitled to receive) from the government of the foreign country 24
- paid on employment income earned outside Canada, (obtain this amount by multiplying the deductible amount referred to under point 15 of line 297 in the guide to the income tax return and dividing the result by the amount of the employment income in question) 25
- deducted in the calculation of business or property income pursuant to subsection 20(12) of the *Income Tax Act* (Statutes of Canada), minus the amount on line 22 above 26
- attributable to a taxable capital gain in respect of which an individual or his or her spouse, as applicable, is claiming a capital gains deduction on line 292 of the return 27
- paid on an amount that is deductible for a sailor working on a vessel engaged in international freight transportation; a foreign specialist working for an international financial centre (IFC), or in the Montréal international trade zone at Mirabel, or for a corporation operating a stock exchange business or securities clearing-house business; or a member of a partnership operating an IFC (line 297) 28
- paid on income that is tax-exempt in Québec or in Canada under a tax agreement (line 297) 29
- 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 30
- that is allocated to a beneficiary, if the credit is being claimed by a trust 31

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

Add lines 21 through 32.

Subtract line 35 from line 20.

If the result is 0 or a negative amount, go directly to line 52 and enter 0.

**Foreign income tax giving entitlement to the credit** =

	21		
	22		
	23		
	24		
	25		
	26		
	27		
	28		
	29		
	30		
	31		
	32		
	=		35
	=		36

\* 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 31 the result obtained by multiplying the special foreign tax credit by the ratio between the foreign income on line 50 and the total foreign income (lines 50 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 indicated on line 20 has been paid (this income may be indicated in box F of the RL-3 slip; in boxes 4 and 8 of the RL-15 slip; in box F of the RL-16 slip; in 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 below the amounts deducted or deductible from the income indicated on line 40.

- Employment expenses and deductions (line 207) 41
- Other amounts deducted 42
- Capital gains deduction (line 292) 43
- Deduction respecting employment income earned outside Canada (line 297) 44
- Deductions respecting copyright income, or deductions that may be claimed for a sailor working on a vessel engaged in international freight transportation; a foreign specialist working for an international financial centre (IFC), or in the Montréal international trade zone at Mirabel, or for a corporation operating a stock exchange business or securities clearing-house business; or a member of a partnership operating an IFC (line 297) 45

Add lines 41 through 45.

Subtract line 49 from line 40. If the result is negative, enter 0.

**Foreign income** =

Amount from line 10  x

Amount from line 50

Amount from line 17

	41		
	42		
	43		
	44		
	45		
	=		49
	=		50

Enter the amount from line 10, 36 or 51, whichever is least. If foreign income tax on business income was paid, continue completing this form. Otherwise, carry the amount to line 409 of your return.

**Foreign tax credit respecting non-business income**

	51
	52

## 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 indicated in box 18 of the RL-15 slip, or in box K of the RL-16 slip)

	60
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Enter below any portion of the amount on line 60 that is foreign income tax:

• paid on income used to calculate the tax credit for workers 65 or older (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), or in the Montréal international trade zone at Mirabel, or for a corporation operating a stock exchange business or securities clearing-house business (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
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 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 indicated on line 60 has been paid (this income may be indicated 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.

Portion of the amount on line 80 that may be claimed with regard to copyright income; or for a foreign specialist working in an international financial centre (IFC) or in the Montréal international trade zone at Mirabel, or for a corporation operating a stock-exchange business or a securities clearing-house business (line 297)	80
Subtract line 81 from line 80. If the result is negative, enter 0.	81
<b>Foreign income</b>	82
Amount from line 10 <input type="text"/> x $\frac{\text{Amount from line 82}}{\text{Amount from line 17}}$	84
Amount from line 10	85
Amount from line 52, 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 52, if you completed Part 3	89
Add lines 88 and 89. Carry the result to line 409 of your return.	90
<b>Foreign tax credit</b>	90
Amount from line 70	93
Amount from line 88	94
Subtract line 94 from line 93.	95

**Unused portion of the credit for the taxation year concerned**

**Note:** Do not include any portion of the income from a particular source that, as applicable

- is a 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.

