

Completing Your Nunavut Forms

The information in this section will help you complete Form NU428, *Nunavut Tax*, and Form NU479, *Nunavut Credits*.

The terms **spouse** and **common-law partner** are defined in the *General Income Tax and Benefit Guide*.

The term **end of the year** means December 31, 2005, the date you left Canada if you emigrated in 2005, or the date of death for a person who died in 2005.

Tax Tip

A number of Nunavut tax measures are distinct from corresponding federal measures. However, many rules for calculating Nunavut tax are still based on the federal *Income Tax Act*. As a result, you may find it easier to calculate your federal tax first. Your total taxes payable will be the same, no matter which tax you calculate first.

Form NU428, *Nunavut Tax*

Complete Form NU428 if you were a resident of Nunavut at the end of the year.

If you had income from a business with a permanent establishment outside Nunavut, complete Form T2203, *Provincial and Territorial Taxes for 2005 – Multiple Jurisdictions*, **instead of** completing Form NU428.

You also have to complete Form NU428 if you were a non-resident of Canada in 2005 and you earned income from employment in Nunavut or received income from a business with a permanent establishment only in Nunavut.

Step 1 – Nunavut tax on taxable income

Enter on line 1 your taxable income from line 260 of your return. Use this amount to determine which **one** of the four columns you have to complete. Enter this amount on line 2 of the applicable column and complete the calculation.

Step 2 – Nunavut non-refundable tax credits

The eligibility criteria and rules for claiming the Nunavut non-refundable tax credits are the same as for the federal non-refundable tax credits. However, **the value and calculation of most Nunavut non-refundable tax credits are different from the corresponding federal credits**.

To calculate some of the non-refundable tax credits, you will need to use the *Territorial Worksheet* in this book.

Newcomers to Canada and emigrants

If you prorated any of the amounts you claimed on lines 300 to 306, 315, 316, 318, 324, and 326 of your federal Schedule 1, you have to prorate the corresponding territorial amounts at lines 5804 to 5820, 5840, 5844, 5848, 5860, and 5864.

Line 5804 – Basic personal amount

Claim the basic personal amount of \$10,674.

Line 5808 – Age amount

You can claim this amount if you were 65 or older on December 31, 2005, and your net income (line 236 of your return) is less than \$82,986.

If your net income is:

- \$29,619 or less, enter \$8,005 on line 5808; or
- more than \$29,619 but less than \$82,986, complete the calculation for line 5808 on the *Territorial Worksheet* in this book to determine your claim.

Note

You may be able to transfer all or part of your age amount to your spouse or common-law partner or to claim all or part of his or her age amount. See line 5864 for details.

Line 5812 – Spouse or common-law partner amount

You can claim this amount if the rules are met for claiming the amount on line 303 of federal Schedule 1. You still may be able to claim the territorial amount if your spouse or common-law partner's net income (line 236 of his or her return, or the amount that it would be if he or she filed a return) is less than \$10,674.

Complete the calculation on Form NU428 to determine your claim and enter the result on line 5812.

Note

Enter your marital status and the information about your spouse or common-law partner (including his or her net income, even if it is zero) in the Identification area on page 1 of your return.

Line 5816 – Amount for an eligible dependant

You can claim this amount if the rules are met for claiming the amount on line 305 of your federal Schedule 1. You still may be able to claim the territorial amount if your dependant's net income (line 236 of his or her return, or the amount that it would be if he or she filed a return) is less than \$10,674.

Complete the calculation for line 5816 on the *Territorial Worksheet* in this book to determine your claim.

If you have not already completed federal Schedule 5, complete and attach it to your return.

Line 5820 – Amount for infirm dependants age 18 or older

You can claim this amount if the rules are met for claiming the amount on line 306 of federal Schedule 1.

Complete the calculation for line 5820 on the *Territorial Worksheet* in this book to determine your claim.

Line 5824 – Canada Pension Plan or Quebec Pension Plan contributions through employment

Enter on this line the amount you claimed on line 308 of federal Schedule 1.

Line 5828 – Canada Pension Plan or Quebec Pension Plan contributions on self-employment and other earnings

Enter on this line the amount you claimed on line 310 of federal Schedule 1.

Line 5832 – Employment Insurance premiums

Enter on this line the amount you claimed on line 312 of federal Schedule 1.

Line 5836 – Pension income amount

You can claim this amount if you met the rules for claiming the amount on line 314 of federal Schedule 1. Enter on line 5836 the same amount that you entered on line 314.

Line 5840 – Caregiver amount

You can claim this amount if you met the rules for claiming the amount on line 315 of federal Schedule 1.

Complete the calculation for line 5840 on the *Territorial Worksheet* in this book to determine your claim.

Line 5844 – Disability amount

You can claim this amount if you met the rules for claiming the amount on line 316 of federal Schedule 1.

- If you were **18 or over** at the end of the year, enter \$10,674 on line 5844.
- If you were **under 18** at the end of the year, you may be eligible to claim a supplement up to a maximum of \$3,848 in addition to the disability amount of \$10,674. Complete the calculation for line 5844 on the *Territorial Worksheet* in this book to determine your claim.

Line 5848 – Disability amount transferred from a dependant (other than your spouse or common-law partner)

You can claim this amount if the rules are met for claiming the amount on line 318 of federal Schedule 1. Complete the calculation for line 5848 on the *Territorial Worksheet* in this book to determine your claim.

Line 5852 – Interest paid on your student loans

Enter on this line the amount you claimed on line 319 of federal Schedule 1.

Line 5856 – Your tuition and education amounts

The tuition and education amounts that you claimed on line 323 of your federal Schedule 1 may be different from the territorial amounts you calculate.

Complete Schedule NU(S11), *Territorial Tuition and Education Amounts*, to calculate your claim.

Receipts – If you are filing a paper return, **attach the completed Schedule NU(S11)**. Whether you are filing a paper return or electronically, keep your forms and official tuition fees receipts in case we ask to see them.

Transferring and carrying forward amounts

You may not need all of your 2005 tuition and education amounts to reduce your territorial income tax to zero. In this case, you may **transfer** all or part of the unused portion to **one** person, either your spouse or common-law partner (who would claim it on line 5864), your parent or grandparent, or your spouse or common-law partner's parent or grandparent (who would claim it on line 5860).

You can only transfer an amount to your parent or grandparent, or your spouse or common-law partner's parent or grandparent, if your spouse or common-law partner does not claim an amount for you on line 5812 or 5864.

Complete the "Transfer/Carry forward of unused amount" section of Schedule NU(S11) to calculate the territorial amount available to transfer, as well as Form T2202, *Education Amount Certificate*, T2202A, *Tuition and Education Amounts Certificate*, or TL11A, *Tuition and Education Amounts Certificate – University Outside Canada*, or TL11C, *Tuition and Education Amounts Certificate – Commuter to the United States*, to designate who can claim it and the amount the person can claim. This amount may be different from the amount calculated for the same person on your federal Schedule 11. You must enter the territorial amount you are transferring on line 20 of your Schedule NU(S11).

Tax Tip

If you are transferring an amount to a designated person, do not transfer more than the person can use. That way, you can carry forward as much as possible to use in a future year.

Complete the "Transfer/Carry forward of unused amount" section of Schedule NU(S11) to calculate the amount you can **carry forward** to a future year. This amount corresponds to the part of your tuition and education amounts you do not need to use (and do not transfer) for the year.

Line 5860 – Tuition and education amounts transferred from a child

You can claim this amount if the rules are met for claiming the amount on line 324 of federal Schedule 1.

Enter on line 5860 the total of all territorial amounts transferred to you that each student designated on his or her Form T2202, T2202A, TL11A, or TL11C.

Notes

The student **must have entered this amount on line 20** of his or her Schedule NU(S11). He or she may have chosen to transfer an amount that is less than the available territorial amount. The student cannot transfer to you any unused tuition and education amounts carried forward from a previous year.

If the student was a resident of another province or territory on December 31, 2005, special rules may apply. Call us to determine the amount you can claim on line 5860.

Other rules may apply if the student has a spouse or a common-law partner. See line 324 in the *General Income Tax and Benefit Guide*.

Receipts – If you are filing a paper return, **do not include the student's Schedule NU(S11)**, forms, and official tuition fees receipts. Whether you are filing a paper return or electronically, keep all of your documents in case we ask to see them.

Line 5864 – Amounts transferred from your spouse or common-law partner

You can claim these amounts if the rules are met for claiming the amount on line 326 of federal Schedule 1. Complete Schedule NU(S2), *Territorial Amounts Transferred From Your Spouse or Common-law Partner*, to calculate your claim. Attach this schedule to your return.

Line 5868 – Medical expenses

The medical expenses you can claim on line 5868 are the same as those you can claim on line 330 of your federal Schedule 1. They have to cover the **same 12-month period** ending in 2005 and must not have been claimed on a 2004 return.

Line 5872 – Allowable amount of medical expenses for other dependants

In addition to the medical expenses claimed on line 5868, you can also claim medical expenses for other dependants.

The medical expenses you use to calculate your claim on line 5872 are the same as those used to calculate your federal claim on line 331 of federal Schedule 1. They have to cover the **same 12-month period** ending in 2005 and must not have been claimed on a 2004 return.

The maximum amount you can claim is \$5,000 for each dependant.

Complete the calculation for line 5872 on the *Territorial Worksheet* in this book to determine your claim.

Line 5896 – Donations and gifts

To calculate your claim on line 5896, enter the amounts from lines 345 and 347 of federal Schedule 9 and multiply them by the rates on lines 33 and 34 of Form NU428.

Step 3 – Nunavut tax

Line 38 – Nunavut tax on split income

If you have to pay federal tax on split income at line 424 of your Schedule 1, complete Part 2 of Form T1206, *Tax on Split Income*, to calculate the territorial tax that applies to this income. Form T1206 also contains a special rule that applies to the amount you enter on line 428 of your return. You can find more information on tax on split income in the *General Income Tax and Benefit Guide*.

Line 46 – Nunavut additional tax for minimum tax purposes

If you have to pay federal minimum tax as calculated on Form T691, *Alternative Minimum Tax*, you will have to determine your Nunavut additional tax for minimum tax purposes.

To do this, complete the calculation on line 46 of Form NU428. You can find information about minimum tax in the *General Income Tax and Benefit Guide*.

Line 48 – Territorial foreign tax credit

If your federal foreign tax credit on non-business income is less than the related tax you paid to a foreign country, you may be eligible to claim a territorial foreign tax credit.

To claim the credit, get Form T2036, *Provincial or Territorial Foreign Tax Credit*, from the CRA's Web site or by contacting us (see the section called "If you have questions..." at the beginning of this book).

Enter, on line 48 of Form NU428, the tax credit amount calculated on line 5 of Form T2036.

Receipts – Attach Form T2036 to your paper return. If you are filing electronically, keep all your documents in case we ask to see them.

Form NU479 – Nunavut Credits

Cost of living tax credit (lines 1 to 6)

If you were a resident of Nunavut at the end of the year, you can claim the cost of living tax credit. If your credit is more than the tax you owe, you will receive a refund for the difference.

As a resident of Nunavut, you may have income from a business with a permanent establishment outside Nunavut. If so, enter on line 1 the net income allocated to Nunavut from column 4 on Form T2203, *Provincial and Territorial Taxes for 2005 – Multiple Jurisdictions*.

Your cost of living tax credit is a percentage of your adjusted net income (line 5), to a maximum of \$750.

How to claim

If your adjusted net income (line 5) is **more than \$46,000**, enter \$750 on line 6.

Otherwise, complete the calculation for line 6390 on the *Territorial Worksheet* in this book to determine your credit.

Political contribution tax credit (lines 7 to 12)

You can deduct part of the contributions you made in 2005 to a candidate seeking election to the Nunavut Legislative Assembly.

How to Claim

Enter your total contributions on line 7, and determine the amount to enter on line 8 as follows:

- For contributions of **\$100 or less**, enter the amount of your contributions on line 8.
- For contributions of **more than \$100 but not more than \$900**, complete the calculation for line 8 on the *Territorial Worksheet* in this book.
- For contributions of **more than \$900**, enter \$500 on line 8.

Receipts – Attach to your paper return official receipts signed by an official agent of the political party or candidate. If you are filing electronically, keep them in case we ask to see them.

Risk capital investment tax credits (lines 13 to 17)

Unused risk capital investment tax credits

Any unused tax credits are shown on your most recent Notice of Assessment or Notice of Reassessment. Enter any unused credits from previous years on line 13 of Form NU479 to reduce your 2005 Nunavut tax.