

Completing Your Northwest Territories Forms

The information in this section will help you complete Form NT428, *Northwest Territories Tax*, and Form NT479, *Northwest Territories Credit*.

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 Northwest Territories tax measures are distinct from corresponding federal measures. However, many rules for calculating Northwest Territories 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 NT428, Northwest Territories Tax

Complete Form NT428 if you were a resident of the Northwest Territories at the end of the year.

If you had income from a business with a permanent establishment outside the Northwest Territories, complete Form T2203, *Provincial and Territorial Taxes for 2005 – Multiple Jurisdictions*, instead of completing Form NT428.

You also have to complete Form NT428 if you were a non-resident of Canada in 2005 and you earned income from employment in the Northwest Territories or received income from a business with a permanent establishment only in the Northwest Territories.

Step 1 – Northwest Territories 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 – Northwest Territories non-refundable tax credits

The eligibility criteria and rules for claiming the Northwest Territories non-refundable tax credits are the same as for the federal non-refundable tax credits. However, **the value and calculation of most Northwest Territories 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 \$11,609.

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 \$67,472.

If your net income is:

- \$29,619 or less, enter \$5,678 on line 5808; or
- more than \$29,619 but less than \$67,472, 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 \$11,609.

Complete the calculation on Form NT428 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 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 it would be if he or she filed a return) is less than \$11,609.

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 the rules are met 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 \$9,414 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 \$9,414. 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 NT(S11), *Territorial Tuition and Education Amounts*, to calculate your claim.

Receipts – If you are filing a paper return, **attach the completed Schedule NT(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 NT(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 NT(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 NT(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 NT(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 NT(S11), forms, or 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 NT(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 NT428.

Step 3 – Northwest Territories tax

Line 38 – Northwest Territories tax on split income

If you have to pay federal tax on split income on line 424 of your federal 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 – Northwest Territories 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 Northwest Territories additional tax for minimum tax purposes.

To do this, complete the calculation on line 46 of Form NT428. 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 NT428, 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.

Lines 50 and 51 – Political contribution tax credit

You can claim this credit if, in 2005, you contributed to a candidate seeking election to the Northwest Territories Legislative Assembly.

How to claim

Enter your total contributions on line 50 of Form NT428, and determine the amount to enter on line 51 as follows:

- For contributions of **\$100 or less**, enter the amount of your contributions on line 51 of Form NT428.
- For contributions of **more than \$100 but not more than \$900**, complete the calculation for line 51 on the *Territorial Worksheet* in this book.
- For contributions of **more than \$900**, enter \$500 on line 51 of Form NT428.

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

Lines 53 to 63 – Risk capital investment tax credits

As an eligible investor, you can claim a credit against Northwest Territories tax of up to \$30,000, or 30% of investments made in eligible shares, to a maximum of \$100,000 annually.

You can choose from the following investment vehicles in the Northwest Territories:

- labour-sponsored venture capital corporations;
- employee venture capital corporations;
- community endorsed venture capital corporations; and
- direct investment in territorial business corporations.

Labour-sponsored venture capital corporation tax credit (lines 53 and 54)

You can claim a credit equal to 15% of the first \$5,000 and 30% of the next \$95,000 you invested in eligible shares acquired in 2005 or in the first 60 days of 2006.

Enter the cost of the shares from Slip T2C(NWT), *Risk Capital Investment Tax Credit*, beside box 6241 on Form NT428. Calculate your credit on lines 53 and 54.

Receipts – Attach Slip T2C(NWT) to your paper return. If you are filing electronically, keep all your documents in case we ask to see them.

Tax Tip

If you have invested in a labour-sponsored venture capital corporation, you are also eligible for a federal tax credit. For details, see lines 413 and 414 in the *General Income Tax and Benefit Guide*.

Employee venture capital corporation, community endorsed venture capital corporation, and territorial business corporation direct investment tax credits (line 55)

You can claim a credit of up to 30% of investments made, to a maximum of \$100,000 of amounts that you invested in 2005 or in the first 60 days of 2006.

Enter the cost of the shares from Slip T2C(NWT), *Risk Capital Investment Tax Credit*, beside box 6243 on Form NT428, and calculate your credit on line 55.

Receipts – Attach Slip T2C(NWT) to your paper return. If you are filing electronically, keep all your documents in case we ask to see them.

Note

The amount of risk capital investment tax credits is subject to an annual limit. Complete the calculation for line 59 of Form NT428.

Unused risk capital investment tax credits (lines 65 to 70)

You can carry forward unused tax credits for seven years, or back three years.

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 61 on Form NT428 to reduce your 2005 Northwest Territories tax.

You may not need all of your credit to reduce your 2005 territorial income tax to zero. Complete lines 65 to 67 on Form NT428 to calculate any unused credit available to carry back to previous years.

Enter, on line 68 on Form NT428, any part of this amount you want to carry back to reduce your 2004 Northwest Territories tax. Enter on line 69 any amount you want to carry back to 2003 and, on line 70, any amount you want to carry back to 2002.

Form NT479, Northwest Territories Credit

Cost of living tax credit (lines 1 to 14)

If you were a resident of the Northwest Territories at the end of the year, you can claim the cost of living tax credit, which includes a supplement for you and your spouse or common-law partner. If your credit is more than the tax you owe, you will receive a refund for the difference.

If you had a spouse or common-law partner on December 31, 2005, you and your spouse or common-law partner have to decide which one of you will claim the cost of living tax credit supplement for your family.

As a resident of the Northwest Territories, you or your spouse or common-law partner may have income from a business with a permanent establishment outside the Northwest Territories. If so, enter, on line 1 of Form NT479, the net income allocated to the Northwest Territories from column 4 on Form T2203, *Provincial and Territorial Taxes for 2005 – Multiple Jurisdictions*.