Revenue Canada / Revenu Canada

T701
Rev. 95

NOVA SCOTIA CORPORATE TAX REDUCTION FOR NEW SMALL BUSINESSES

Name of corporation	Account / business number	Taxation year-end Day / Month / Year

- The Nova Scotia corporate tax reduction for new small businesses applies to the first two taxation years of qualifying Canadian-controlled private corporations incorporated in Nova Scotia after April 18, 1986. For corporations incorporated after April 24, 1992, this tax reduction has been extended to the first **three** taxation years.
- The Nova Scotia Department of Finance administers the eligibility requirements. Corporations claiming the reduction have to apply annually to the Nova Scotia Minister of Finance for a *Certificate of Eligibility.*
- For corporations incorporated after May 24, 1988, the reduction is not usually available for the taxation year if, prior to incorporation, the same or substantially the same business was carried on as a sole proprietorship, partnership or corporation whether registered as such or not. Where a sole proprietorship or partnership carried on the same or substantially the same business for 90 days or less prior to incorporation, the corporation may apply to the Minister for a *Certificate of Eligibility.*
- The corporation has to be a Canadian-controlled private corporation throughout the year, and maintain a permanent establishment in Nova Scotia at any time during the year.
- This reduction is only available to a corporation that qualifies for the federal small business deduction for the year.
- The corporation can never have been associated with any other corporation since the date of incorporation. However, associated corporations may have their ineligibility waived by the Nova Scotia Minister of Finance.
- The tax reduction is based upon the portion of an eligible corporation's taxable income earned in the year in Nova Scotia.
- File one completed copy of this form and the *Certificate of Eligibility* issued by the province with the *T2 Corporation Income Tax Return,* and mail one completed copy of this form to: Federal-Provincial Fiscal Relations Division, Department of Finance, P.O. Box 187, Halifax, Nova Scotia, B3J 2N3.

Calculation of Nova Scotia corporate tax reduction for new small businesses

Least of amounts on lines 223, 225, and 227 (or F, if it applies) of the small business deduction calculation on page 3 of the T2 return ..... (A)

Amount A _____ X (Taxable income earned in Nova Scotia / Taxable income earned in all provinces) _____ = _____ (B)

Amount B _____ X (Number of days in the taxation year before January 1992 / Number of days in the taxation year) _____ X 10% = _____ (C)

Amount B _____ X (Number of days in the taxation year after December 1991 / Number of days in the taxation year) _____ X 5% = _____ (D)

Nova Scotia corporate tax reduction Total of amounts C and D ..... (E)

Enter amount E on line **668** of Schedule T2S-TC.

Certification

Signature only required if this form is filed separately from signed T2 return.

I, _____ (Please print), certify that the information given on this form is, to the best of my knowledge, correct and complete.

Date	Signature of authorized person	Position or office

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(Français au verso)