

Information for Residents of Nova Scotia

What's new for 2011?

The basic personal amount has increased to \$8,481. In addition, many other non-refundable tax credits have also increased.

The \$10,000 limit for the allowable amount of medical expenses for other dependants has been eliminated.

These measures may reduce the amount of Nova Scotia tax that you pay.

Form NS428, NOVA SCOTIA TAX AND CREDITS, reflects these changes.

General information

Nova Scotia Child Benefit

The Nova Scotia Child Benefit (NSCB) is a non-taxable monthly payment to help low- and modest-income families with the cost of raising children under 18 years of age. Benefits are combined with the Canada Child Tax Benefit into one monthly payment.

You do not have to apply separately to receive payments under the NSCB program. We will use the information from your Canada Child Benefits application to determine your eligibility for the NSCB.

For more information on payment amounts, see Booklet T4114, CANADA CHILD BENEFITS.

File your tax return – You (and your spouse or common-law partner) should file your 2011 tax return(s) as soon as possible. The information you give on your return(s) will determine your NSCB amount starting in July 2012.

This benefit is fully funded by the Province of Nova Scotia. For more information, call the Canada Revenue Agency (CRA) at **1-800-387-1193**.

Nova Scotia Affordable Living Tax Credit

The Nova Scotia Affordable Living Tax Credit (NSALTC) is a non-taxable quarterly payment to make life more affordable for low- and modest-income individuals and families. For more information on payment amounts, see Booklet RC4210, GST/HST CREDIT.

To get this credit, you (or your spouse or common-law partner) should apply for the GST/HST credit on page 6 [1] of your (or your spouse's or common-law partner's) tax return. This credit will be combined with the federal GST/HST credit.

File your tax return – You (and your spouse or common-law partner) should file your 2011 tax return(s) as soon as possible. The information you give on your return(s) will determine your NSALTC amount starting in July 2012.

This credit is fully funded by the Province of Nova Scotia. For more information, call the CRA at **1-800-959-1953**.

For more information

If you have questions about **Nova Scotia tax and credits**, visit the CRA Web site at **www.cra.gc.ca** or call the CRA at **1-800-959-8281**.

To get forms, go to **www.cra.gc.ca/forms** or call **1-800-959-2221**.

If you have specific questions about the Equity tax credit, Labour-sponsored venture capital tax credit, Graduate retention rebate, and the Volunteer firefighters and ground search and rescue tax credit, contact:

Department of Finance
Government of Nova Scotia
P.O. Box 187
Halifax NS B3J 2N3

You can also go to **www.gov.ns.ca/finance/en/home/taxation** on the Nova Scotia Department of Finance Web site.

If you have specific questions about the eligibility of a sport or recreational activity for the **Nova Scotia sport and recreational expenses for children tax credit**, call the Nova Scotia Department of Health Promotion and Protection at **1-866-231-3882**.

If you have questions about the **Nova Scotia political contribution tax credit**, contact:

Office of the Chief Electoral Officer
Government of Nova Scotia
P.O. Box 2246
Halifax NS B3J 3C8

Completing your Nova Scotia form

All the information you need to calculate your Nova Scotia tax and credits is included on the following pages.

You will find two copies of Form NS428, NOVA SCOTIA TAX AND CREDITS, in this book. Attach a completed copy of Form NS428 to your return.

The following information will help you complete Form NS428.

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, 2011, the date you left Canada if you emigrated in 2011, or the date of death for a person who died in 2011.

Tax Tip

A number of Nova Scotia tax measures are distinct from corresponding federal measures. However, many rules for calculating Nova Scotia 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 NS428, Nova Scotia Tax and Credits

Complete Form NS428 if you were a resident of Nova Scotia at the end of the year.

If you had income from a business with a permanent establishment outside Nova Scotia, complete Form T2203, PROVINCIAL AND TERRITORIAL TAXES FOR 2011 – MULTIPLE JURISDICTIONS, **instead of** completing Form NS428.

You also have to complete Form NS428 if you were a non-resident of Canada in 2011 and you earned income from employment in Nova Scotia or received income from a business with a permanent establishment only in Nova Scotia.

Step 1 – Nova Scotia non-refundable tax credits

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

To calculate some of the non-refundable tax credits, use the PROVINCIAL 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 provincial amounts on lines 5804 to 5820, 5840, 5844, 5848, 5860, and 5864.

Line 5804 – Basic personal amount

Claim \$8,481.

Line 5808 – Age amount

You can claim this amount if you were 65 years of age or older on December 31, 2011, and your net income (line 236 of your return) is less than \$58,435.

If your net income is:

- \$30,828 or less, enter \$4,141 on line 5808; or
- more than \$30,828 but less than \$58,435, complete the calculation for line 5808 on the **PROVINCIAL WORKSHEET** in this book.

Tax Tip

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. For more information, see line 5864.

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 and your spouse's 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 \$7,921.

Complete the calculation on Form NS428, and enter the amount 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 pages 3 and 4 [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 and 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 \$7,921.

Complete the calculation on Form NS428, and enter the amount on line 5816.

Note

If you were a single parent on December 31, 2011, and you choose to include all Universal Child Care Benefit amounts you received in 2011 in the income of your dependant, include this amount in the calculation of his or her net income.

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 and 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 \$8,481.

Complete the calculation for line 5820 on the PROVINCIAL WORKSHEET in this book.

Line 5823 – Amount for young children

You can claim this amount if you were a resident of Nova Scotia at the end of the year and you had a dependent child who was less than six years of age.

You can claim \$100 per month for each child, if **all** of the following conditions are met:

- the child was less than six years of age and living with you on the first day of the month;
- no one else claimed the amount for young children for the child for the month you are claiming;
- the child has not been claimed by you or anyone else as an eligible dependant on line 5816; and

- no one has received a special allowance under the CHILDREN'S SPECIAL ALLOWANCES ACT for the child for the month you are claiming.

If you had a spouse or common-law partner at the end of the year, only the person with the **lower net income** (including zero income) can claim this amount.

If you and your spouse or common-law partner have **equal net incomes**, you have to decide which **one** of you will claim this amount.

Complete the "Details of amount for young children" chart in Step 3 of Form NS428. It is important that you provide the details for each child you are claiming, including the number of months you are claiming for that child.

Enter the **total** number of months you are claiming for **all** children beside **box 6372** of Form NS428.

Claim \$100 for each month, and enter the total amount on line 5823. The maximum amount you can claim for 2011 is \$1,200 for each dependent child.

Line 5824 – CPP or QPP contributions through employment

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

Line 5828 – CPP or QPP contributions on self-employment and other earnings

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

Line 5832 – Employment Insurance premiums through employment

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

Line 5829 – Employment Insurance premiums on self-employment and other eligible earnings

Enter on this line the amount you claimed on line 317 of your 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.

The amount you can claim on line 5836 is the amount on line 314 of your federal Schedule 1 or \$1,173, whichever is **less**.

Note

Only residents of Nova Scotia are eligible for this amount. If you are not a resident of Nova Scotia, you cannot claim this non-refundable tax credit in calculating your Nova Scotia tax even though you may have received income from a source inside Nova Scotia in 2011.

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 and 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 \$18,575.

Complete the calculation for line 5840 on the PROVINCIAL WORKSHEET in this book.

Line 5844 – Disability amount (for self)

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 years of age or older** at the end of the year, enter \$5,035 on line 5844.
- If you were **under 18 years of age** at the end of the year, you may be eligible to claim a supplement up to a maximum of \$3,449 in addition to the disability amount of \$5,035. Complete the calculation for line 5844 on the PROVINCIAL WORKSHEET in this book.

Line 5848 – Disability amount transferred from a dependant

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 PROVINCIAL WORKSHEET in this book.

Line 5849 – Sport and recreational expenses for children

The eligible expenses you can claim are the amounts you or your spouse or common-law partner paid in 2011 for the registration of an eligible child in a designated sport or recreational activity.

Who is an eligible child?

An eligible child is one who is under 18 years of age at the end of the year, and:

- your child by blood, marriage, common-law partnership, or adoption;
- dependent on you for support and under your custody and control; or
- a spouse or common-law partner of your child.

How to claim

You can claim sport and recreational expenses up to a maximum of \$500 per child.

The two parents can split the credit amount as long as the combined total claim is not more than the eligible amount before the split.

Enter on line 5849 the total amount you are claiming for all eligible children.

For more information on designated sports and recreational activities, contact the Nova Scotia Department of Health Promotion and Protection (read "For more information" on page 4 [1]).

Supporting documents – If you are filing electronically or filing a paper return, do not send any documents. Keep all your documents in case we ask to see them at a later date.

Line 5852 – Interest paid on your student loans

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

Line 5856 – Your tuition and education amounts

Complete Schedule NS(S11), PROVINCIAL TUITION AND EDUCATION AMOUNTS.

Supporting documents – If you are filing electronically, keep all your documents in case we ask to see them at a later date. If you are filing a **paper return, attach your completed Schedule NS(S11)**, but do not send your other documents. Keep all your documents in case we ask to see them at a later date.

Transferring and carrying forward amounts

You may not need all of your 2011 tuition and education amounts to reduce your provincial income tax to zero. In this case, you can **transfer** all or some of the unused part to **one** person, either to your spouse or common-law partner (who would claim it on line 5864) or to your or your spouse's 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's 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/Carryforward of unused amount" section of Schedule NS(S11) to calculate the provincial amount available to transfer, as well as Form T2202, EDUCATION AND TEXTBOOK AMOUNTS CERTIFICATE, T2202A, TUITION, EDUCATION, AND TEXTBOOK AMOUNTS CERTIFICATE, TL11A, TUITION, EDUCATION, AND TEXTBOOK AMOUNTS CERTIFICATE – UNIVERSITY OUTSIDE CANADA, TL11B, TUITION, EDUCATION, AND TEXTBOOK AMOUNTS CERTIFICATE – FLYING SCHOOL OR CLUB, or TL11C, TUITION, EDUCATION, AND TEXTBOOK AMOUNTS

CERTIFICATE – COMMUTER TO THE UNITED STATES, to designate who can claim the transferred amount and to specify the amount this person can claim. This amount may be different from the amount calculated for the same person on your federal Schedule 11. Enter the provincial amount you are transferring on line 20 of your Schedule NS(S11).

Tax Tip

If you are transferring an amount to a designated individual, only transfer the amount this person can use. That way, you can carry forward as much as possible to use in a future year.

Complete the "Transfer/Carryforward of unused amount" section of Schedule NS(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 these amounts if the rules are met for claiming an amount on line 324 of federal Schedule 1.

Enter on line 5860 the total of all provincial amounts that each student has transferred to you as shown on his or her Form T2202, T2202A, TL11A, TL11B, or TL11C.

Notes

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

If you and the student were residents of different provinces or territories on December 31, 2011, special rules may apply. Call the Canada Revenue Agency 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.

Supporting documents – If you are filing electronically or filing a paper return, do not send any documents. Keep all your documents in

case we ask to see them at a later date. The **student** must attach Schedule NS(S11) to his or her **paper return**.

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 NS(S2), PROVINCIAL AMOUNTS TRANSFERRED FROM YOUR SPOUSE OR COMMON-LAW PARTNER, and attach a copy to your return.

Line 5868 – Medical expenses for self, spouse or common-law partner, and your dependent children born in 1994 or later

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 2011, and no one has claimed them on a 2010 return. Your total expenses have to be more than either **3%** of your net income (line 236 of your return) or **\$1,637**, whichever is **less**.

Note

If the total medical expenses claimed are more than \$1,637 but less than \$2,052, it is important that you enter the amount on line 5868 **and** on line 330 of your federal Schedule 1.

Line 5872 – Allowable amount of medical expenses for other dependants

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

The medical expenses you can claim on line 5872 are the same as those you can claim on line 331 of your federal Schedule 1. They have to cover the **same 12-month period** ending in 2011, and no one has claimed them on a 2010 return.

The total expenses for each dependant have to be more than either **3%** of that dependant's net income (line 236 of his or her return) or **\$1,637**, whichever is **less**.

Complete the calculation for line 5872 on the PROVINCIAL WORKSHEET in this book.

Line 5896 – Donations and gifts

Enter the amounts from lines 345 and 347 of your federal Schedule 9 and multiply them by the rates at lines 28 and 29 of Form NS428.

Step 2 – Nova Scotia tax on taxable income

Enter on line 32 your taxable income from line 260 of your return. Complete the appropriate column depending on the amount entered.

Step 3 – Nova Scotia tax

Line 41 – Nova Scotia 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 provincial 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 information on tax on split income in the GENERAL INCOME TAX AND BENEFIT GUIDE.

Line 49 – Nova Scotia additional tax for minimum tax purposes

If you have to pay federal minimum tax as calculated on Form T691, ALTERNATIVE MINIMUM TAX, you will also have to determine your Nova Scotia additional tax for minimum tax purposes.

To do this, complete the calculation on line 49 of Form NS428. You can find information about minimum tax in the GENERAL INCOME TAX AND BENEFIT GUIDE.

Line 51 – Provincial 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 provincial 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 "For more information" on page 4 [1]).

Enter, on line 51 of Form NS428, the tax credit calculated on line 5 of Form T2036.

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

Nova Scotia research and development tax credit recapture

If a partnership of which you are a member, or a trust of which you are a beneficiary, acquired property from a corporation in a non-arm's length transaction and, in 2011, converted the property to commercial use or disposed of it, you may have to include in your Nova Scotia tax payable all or part of the Nova Scotia research and development tax credit previously claimed by the corporation for the property.

For more information on the Nova Scotia research and development tax credit recapture, including instructions on how to calculate and report this amount, contact us (see "For more information" on page 4 [1]).

Nova Scotia low-income tax reduction

You **can** claim this tax reduction if you were a resident of Nova Scotia on December 31, 2011, and **any** of the following conditions applied to you:

- you were 19 years of age or older;
- you had a spouse or common-law partner; or
- you were a parent.

If you had a spouse or common-law partner on December 31, 2011, you and your spouse or common-law partner must decide who will claim this low-income tax reduction. Only one of you can make this claim for your family.

You **cannot** claim the tax reduction if, on December 31, 2011, you were confined to a prison or a similar institution and had been there for a total of more than six months during 2011.

If you are preparing a return for a resident of Nova Scotia who died in 2011, the tax reduction can be claimed on the deceased person's final return. If the deceased person had a spouse or common-law partner,

the tax reduction can be claimed on either the deceased person's final return or the return of the spouse or common-law partner.

Adjusted family income

When you calculate your **adjusted family income** (lines 53 to 58 of Form NS428), complete columns 1 and 2 using the information from your and your spouse's or common-law partner's returns for the year.

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 pages 3 and 4 [1] of your return.

Line 60 – Basic reduction

Claim \$300 for yourself.

Line 61 – Reduction for spouse or common-law partner

Claim \$300 if you had a spouse or common-law partner on December 31, 2011. If your spouse or common-law partner died in 2011, you **can** claim this amount.

Line 62 – Reduction for an eligible dependant

Claim \$300 if you claimed an amount on line 5816 of Form NS428. You **cannot** claim this amount if you have claimed an amount on line 61.

Line 63 – Reduction for dependent children born in 1993 or later

Enter beside **box 6099** the number of dependent children you have who were born in 1993 or later.

Do not include a child for whom you claimed the reduction for an eligible dependant on line 62 of Form NS428.

Claim \$165 for **each** of these dependants.

Only one person can claim the tax reduction for a child.

Who is a dependent child?

A dependent child is one who, on December 31, 2011, met **all** of the following conditions:

- was 18 years of age or younger;
- did not have a spouse or common-law partner;
- was not a parent; and
- either lived with you, or was claimed as a dependant only by you or your spouse or common-law partner.

Line 72 – Nova Scotia political contribution tax credit

You can claim a credit equal to 75% of the contributions you made in 2011 to recognized Nova Scotia political parties or to candidates seeking election in the Nova Scotia House of Assembly.

On line 72 of Form NS428, calculate and enter your credit to a maximum of \$750.

Supporting documents – If you are filing a paper return, attach to your return, for each contribution, the official receipt signed by an official agent of the candidate or political party. If you are filing electronically, keep all of your documents in case we ask to see them at a later date.

Line 74 – Labour-sponsored venture capital tax credit

You can claim a credit equal to 20% of your investment in eligible shares you acquired in 2011 (that you did not claim on your 2010 return) or in the first 60 days of 2012.

If an RRSP for spouse or common-law partner became the first registered holder of the share, either the RRSP contributor or the annuitant may claim this credit for that share.

Enter on Form NS428 the cost of your shares shown on Form NSLSV, NOVA SCOTIA LABOUR-SPONSORED VENTURE CAPITAL TAX CREDIT, issued by the relevant labour-sponsored venture capital corporation.

On line 74 of Form NS428, calculate and enter your credit to a maximum of \$2,000.

Supporting documents – Attach Form NSLSV to your paper return. If you are filing electronically, keep all your documents in case we ask to see them at a later date.

Line 76 – Graduate retention rebate

You can claim this rebate if you meet **all** of the following conditions:

- you were a resident of Nova Scotia on December 31, 2011; and
- you graduated from an approved post-secondary institution after December 31, 2008.

You will be entitled to this rebate over a six-year period, starting the year you graduate, provided that you file an income tax return as a resident of Nova Scotia each year. The total rebate for the six years is \$15,000 for a degree program and \$7,500 for a diploma or certificate program (college or university). You can claim this rebate for **one graduation only**, even if you graduate from more than one eligible program of post-secondary studies.

How to claim

If you graduated in 2011, enter on **line 76** of Form NS428, \$2,500 for a degree program or \$1,250 for a diploma or certificate program.

If you claimed this rebate in a previous year, enter on **line 78** of Form NS428, any graduate retention rebate amount from a previous year shown on your 2010 notice of assessment or notice of reassessment.

Note

If you graduated from an approved post-secondary institution outside of Nova Scotia and relocated to Nova Scotia in a year after your graduation, you can still claim this rebate up to five years after the year you graduated. You are only eligible for this rebate for those years for which you file an income tax return as a resident of Nova Scotia. To claim the rebate, you must contact the CRA and ask for an adjustment to the return for the year you graduated to update your entitlement to the rebate. After the entitlement has been updated, you can claim the graduate retention rebate on **line 78** of Form NS428.

Example

Kate graduated in 2009 from trades school in Ontario and moved to Nova Scotia in 2011. She is eligible for the graduate retention rebate of \$1,250 because of her 2009 graduation. If Kate remains in the province, she can claim the rebate again in 2012, 2013, and 2014. She cannot claim the rebate in 2015 as the number of years since graduation is more than the six-year period. She is not eligible to claim the rebate in 2009 and 2010 as she was not a resident of Nova Scotia.

If you are preparing a return for a person who died in 2011, you can claim this rebate on the deceased person's final return if he or she was a resident of Nova Scotia on the date of death.

Supporting documents – Attach a copy of your diploma to your paper return. If you are filing electronically, keep all of your documents in case we ask to see them at a later date.

Line 80 – Equity tax credit

You can claim this credit for investments in eligible shares you acquired in 2011 (that you did not claim on your 2010 return) or in the first 60 days of 2012.

To claim the credit, get Form T1285, NOVA SCOTIA EQUITY TAX CREDIT, from the CRA's Web site or by contacting us (see "For more information" on page 4 [1]).

Enter on line 80 of Form NS428 the tax credit calculated on line 6 of Form T1285.

Supporting documents – Attach Form T1285 along with your NSETC-1 receipt, NOVA SCOTIA EQUITY TAX CREDIT, to your paper return. If you are filing electronically, keep all of your documents in case we ask to see them at a later date.

Nova Scotia volunteer firefighters and ground search and rescue tax credit (line 82)

You can claim this credit if you meet **all** of the following conditions:

- you were a resident of Nova Scotia on December 31, 2011;
- you were a volunteer firefighter or a ground search and rescue volunteer for a minimum of six months during the period of January 1 to December 31, 2011;
- you did not receive salary, wages, or compensation, other than reasonable reimbursement or allowance for expenses; and
- for a volunteer firefighter, you were listed as a volunteer firefighter on the report filed by the fire chief of the volunteer fire department.

If you qualify for this credit, enter \$500 on line 82 of Form NS428.

If you are preparing a return for a person who died in 2011, you can claim this credit on the deceased person's final return if he or she was a resident of Nova Scotia on the day of death and met all of the conditions.