



Information for Residents of Nunavut

What's new for 2012?

The income levels and most of the non-refundable tax credits used to calculate your Nunavut income tax have changed.

The rate used to calculate the dividend tax credit for eligible dividends has changed.

Form NU428, *Nunavut Tax*, reflects these changes.

General information

Nunavut child benefit

This benefit is a non-taxable amount paid monthly to qualifying families with children under 18 years of age. The territorial worker's supplement is an additional benefit paid to qualifying families who have children under 18 years of age. These amounts are combined with the Canada child tax benefit into a single monthly payment.

For more information on the payment amounts, see Booklet T4114, *Canada Child Benefits*.

There is no need to apply separately to get payments under this program. We will use the information from your Canada child benefits application to determine your eligibility for the program.

File your tax return – You (and your spouse or common-law partner) should file your 2012 tax return(s) as soon as possible. The information you give on your return(s) will determine how much you will get starting in July 2013.

This program is fully funded by Nunavut. For more information, call 1-800-387-1193.

For more information

If you have questions about the Nunavut cost of living, political contribution or business training tax credits, contact:

Finance Department
Government of Nunavut
Post Office Box 2260
Iqaluit NU X0A 0H0

Call: 867-975-5837

Fax: 867-975-5845

If you have questions about federal and Nunavut personal income tax, and all tax credits other than the Nunavut tax credits listed above, visit the Canada Revenue Agency (CRA) Web site at www.cra.gc.ca or call the CRA at 1-800-959-8281.

To get forms, go to the CRA Web page at www.cra.gc.ca/forms or call 1-800-959-2221.

Completing your Nunavut forms

All the information you need to calculate your Nunavut tax and credits is included on the following pages. You will find two copies of Form NU428, *Nunavut Tax*, and Form NU479, *Nunavut Credits*, in this book. Complete the forms that apply to you, and attach a copy to your return.

The following information will help you complete Form NU428 and Form NU479.

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, 2012, the date you left Canada if you emigrated in 2012, or the date of death for a person who died in 2012.

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 should calculate your federal tax 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 (including income you received as a limited or non-active partner), and the business has a permanent establishment outside Nunavut, complete Form T2203, *Provincial and Territorial Taxes for 2012 – Multiple Jurisdictions*, instead of completing Form NU428.

You also have to complete Form NU428 if you were a non-resident of Canada in 2012 and you earned income from employment in Nunavut or received income from a business with a permanent establishment only in Nunavut.

Step 1 – 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.**

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 on lines 5804 to 5820, 5840, 5844, 5848, 5860, 5864, and the amount on line 5823.

Line 5804 – Basic personal amount

Claim \$12,211.

Line 5808 – Age amount

You can claim this amount if you were 65 years of age or older on December 31, 2012, and your net income (line 236 of your return) is less than \$94,938.

If your net income is:

- \$33,884 or less, enter \$9,158 on line 5808; or
- more than \$33,884 but less than \$94,938, complete the calculation for line 5808 on the *Territorial 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 \$12,211.

Complete the calculation on Form NU428, 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 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 \$12,211.

Complete the calculation on Form NU428, and enter the result on line 5816.

Note

If you were a **single parent** on December 31, 2012, and you choose to include all universal child care benefit amounts you received in 2012 in the income of your dependant, include this amount in the calculation of his or her net income.

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 your federal Schedule 1.

Complete the calculation for line 5820 on the *Territorial Worksheet* in this book.

Line 5823 – Amount for young children less than 6 years of age

You can claim this amount if you lived in Nunavut at the end of the year and you had a young child for whom **all** of the following conditions apply:

- the child was less than 6 years of age at any time in 2012;
- the child lived with you at the end of the year (or on the date of death for a child who died in 2012); and
- no one has received a special allowance under the *Children's Special Allowances Act* for that child.

You cannot claim this credit if anyone made a claim for the child as an eligible dependant on line 5816.

If you have a spouse or common-law partner, only one of you can claim this credit. When both are eligible to make this claim, the person with the **lower** net income must make the initial claim. The other person may claim any unused amount by completing Schedule NU(S2), *Territorial Amounts Transferred From Your Spouse or Common-Law Partner*, and filing it with his or her return.

Enter beside box 6371 the number of young children you have. Claim \$1,200 on line 5823 for each young child.

Please give details of your young children in the chart on Form NU428.

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.

Enter on line 5836 the amount you claimed on line 314 of your federal Schedule 1.

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.

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 over** at the end of the year, enter \$12,211 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 \$4,402 in addition to the base amount of \$12,211. Complete the calculation for line 5844 on the *Territorial 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 *Territorial Worksheet* in this book.

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, education, and textbook amounts

Complete Schedule NU(S11), *Territorial Tuition, Education, and Textbook 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 NU(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 2012 tuition, education, and textbook amounts to reduce your territorial income tax to zero. In this case, you can **transfer** all or some of the unused part to **one** person, either your spouse or common-law partner (who would claim it on line 5864) or 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 NU(S11) to calculate the territorial 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 territorial amount you are transferring on line 24 of your Schedule NU(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 NU(S11) to calculate the amount you can **carry forward** to a future year. This amount corresponds to the part of your tuition, education, and textbook amounts you do not need to use (and do not transfer) for the year.

Line 5860 – Tuition, education, and textbook amounts transferred from a child

You can claim these amounts 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 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 24** 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, education, and textbook amounts carried forward from a previous year.

If you and the student were residents of different territories or provinces on December 31, 2012, 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. Read 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 NU(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.

As a resident of Nunavut, you can also claim a transfer of the unused part of your spouse’s or common-law partner’s amount for young children less than 6 years of age.

Complete Schedule NU(S2), *Territorial 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 1995 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 2012, and no one claimed them on a 2011 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 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 2012, and no one claimed them on a 2011 return.

Line 5896 – Donations and gifts

Enter the amounts from lines 345 and 347 of your federal Schedule 9 and multiply them by the rates on lines 27 and 28 of Form NU428.

Step 2 – Nunavut tax on taxable income

Enter on line 31 your taxable income from line 260 of your return. Complete the appropriate column depending on the amount entered.

Step 3 – Nunavut tax

Line 40 – Nunavut tax on split income

If you have to pay federal tax on split income at line 424 of your federal Schedule 1, complete Part 2 of Form T1206, *Tax on Split Income*, to calculate the Nunavut 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. For more information on tax on split income, see the *General Income Tax and Benefit Guide*.

Line 48 – 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 at line 48 of Form NU428.

For more information about minimum tax, see the *General Income Tax and Benefit Guide*.

Line 50 – 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, complete Form T2036, *Provincial or Territorial Foreign Tax Credit*. You can get this form from the CRA’s Web site or by contacting us (read “For more information” on page 1 of this book).

Enter, on line 50 of Form NU428, the tax credit amount from line 5 of Form T2036.

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 Form T2036.

Line 52 – Volunteer firefighters' tax credit

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

- you were a resident of Nunavut at the end of the year;
- you were a volunteer firefighter for a minimum of six months in 2012;
- you completed a minimum of 200 hours of community service (that can include training) in 2012;

- you did not receive salary, wages, or compensation, other than reasonable reimbursement or allowance for expenses in respect of firefighting services in 2012; and
- 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 \$537 on line 52 of Form NU428.

If you are preparing a return for a person who died in 2012, you can claim this credit on the deceased person's final return if they were a resident of Nunavut on the date of death and met all of the conditions.

Form NU479, Nunavut Credits

Lines 1 to 14 – Cost of living tax credit

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 2012 – Multiple Jurisdictions*.

Basic credit

Your cost of living tax credit is a percentage of your adjusted net income (line 5), to a maximum of \$1,200.

Complete the calculation of your **adjusted net income** at lines 1 to 5 of Form NU479. If your adjusted net income (line 5) is **more than** \$60,000, enter \$1,200 on line 8. Otherwise, calculate your credit at lines 6 to 8 of Form NU479.

Cost of living supplement for single parents

You can claim the cost of living supplement if you are a single parent.

You are considered a single parent if, at any time in the tax year, you met **all** of the following conditions:

- you are not married or living in a common-law partnership or you are married or in a common-law partnership and are living apart due to a breakdown in the marriage or partnership; and
- you have custody of a child, for at least 50% of the time, who is under 18 years of age or who is 18 years of age or older and is dependant on you due to a mental or physical impairment.

Your cost of living supplement is a percentage of the part of your adjusted net income (line 5) that is **more than** \$60,000, to a maximum of \$255.12.

If your adjusted net income (line 5) is **more than** \$60,000, complete the calculation for lines 9 to 13 on Form NU479.

Lines 15 to 20 – Political contribution tax credit

You can deduct all or part of the contributions you made in 2012 to a candidate seeking election to the Nunavut Legislative Assembly.

How to claim

Enter your total contributions on line 15, and calculate the amount to enter on line 16 as follows:

- For contributions of **\$100 or less**, enter the amount of your contributions on line 16 of Form NU479.
- For contributions of **more than \$100 but not more than \$900**, complete the calculation for line 16 on the *Territorial Worksheet* in this book.
- For contributions of **more than \$900**, enter \$500 on line 16 of Form NU479.

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**, for each contribution attach the official receipt signed by a financial agent of the political party or candidate.

Line 21 – Business training tax credit

You can claim this credit if, in 2012, you were an eligible employer and met the following conditions:

- you received one or more business training tax credit certificates from the Nunavut Department of Finance for the year;
- your eligible employee(s) have successfully completed business training in the year; and
- you incurred expenses in excess of any financial assistance you received for providing business training to your eligible employee(s).

To claim this credit, complete Form T1317, *Nunavut Business Training Tax Credit (Individuals)*. You can get this form from the CRA's Web site or by contacting us (read "For more information" on page 1 of this book).

Enter, on line 21 of Form NU479, the tax credit amount from line 23 or 24 of Form T1317.

Note

If you were a member of a partnership, other than a limited or non-active member, you can claim your proportionate share of the partnership's total business training tax credit.

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 Form T1317 and your business training tax credit certificate(s).