

Guide to B.C. and Federal Tax Credits and Grants

For

Apprentices
and
Employers



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There are substantial financial incentives from both the provincial and federal governments available for apprentices who complete both Level and Red Seal certifications.

The key is to know how to navigate your way through the forms and requirements and we hope the following guide will provide you with the information to successfully do that.

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Tradesperson's Tools Expenses Federal Tax Credits and Grants – Canada Revenue Agency

Description: Annual tax deduction to help cover the cost of new tools necessary to a tradesperson's trade

Who Qualifies:

- Employed tradesperson

Amount: Maximum \$500.00 annual deduction on income tax return

Eligible tool: Tool (including associated equipment such as a toolbox) that was bought solely for use in the tradesperson's job and that was not used for any purpose before it was bought; that your employer certified as being necessary for you to provide as a condition of, and for use in, your job as a tradesperson; and is not an electronic communication device or electronic data processing equipment

Claiming the deduction:

- Make a list of tools you are claiming with purchase price (keep original receipts)
- Have employer complete and sign Form T2200 Declaration of Conditions of Employment (question 11 of Part B) and sign and date the list of tools you created
- Complete form T777 – Statement of Employment Expenses
 - To calculate refer to T4044 Guide to Employment Expenses, Chapter 7, page 14, Deduction for tools
- Enter total amount of employment expenses deduction on line 229 of tax return
- With your tax return include forms T777 and T2200 as well as your tool list

Links to Canada Revenue Agency:

- [Deduction for Tools](#)
- [Form T777 – Statement of Employment Expenses](#)
- [Form T2200 – Declaration of Conditions of Employment](#)

Apprenticeship Job Creation Tax Credit (Employer)

Federal Tax Credits and Grants – Canada Revenue Agency:

Description: A non-refundable tax credit equal to 10% of the eligible salaries and wages payable to eligible apprentices in respect of employment after May 1, 2006

Who Qualifies:

- Any business that hires an “eligible apprentice”

Eligible Apprentice – someone working in a prescribed trade (a trade that is currently listed as a Red Seal Trade – Professional Cook 1 and 2, Baker) in the **first two years** of their apprenticeship contract; contract must be registered with a federal, provincial or territorial government under an apprenticeship program designed to certify or license individuals in the trade; in BC, the Industry Training Authority (ITA)

Amount: The maximum credit is \$2,000 per year for each eligible apprentice

Conditions:

- **Only for the first 24 months of the employees apprenticeship**
- Any unused credit may be carried back 3 years and carried forward 20 years
- If the apprentice is working for two employers, only one can claim the credit

Claiming the tax credit:

- Use either Form T2038 (IND) Investment Tax Credit (Individuals) or
- Form T2SCH31, Investment Tax Credit - Corporations
- Forms can be ordered:
 - ♦ on-line at www.cra.gc.ca/forms
 - ♦ or call 1-800-959-2221

Links to Canada Revenue Agency:

- [T2038 \(IND\)](#) Investment Tax Credit (Individuals)
- [T2038 \(CORP\)](#) Investment Tax Credit - Corporations
- [Apprenticeship Job Creation Tax Credit](#)

Apprenticeship Incentive Grant (AIG) - Apprentice Federal Tax Credits and Grants – Service Canada:

Description: A taxable cash grant of \$1,000 per year (level/block) provided to registered apprentices who have successfully completed their first or second year (level/block) in an apprenticeship program, designated as Red Seal in their province or territory

Who Qualifies:

- Registered apprentice with the Industry Training Authority (ITA) in an Inter-provincial Standards Red Seal Program trade; Professional Cook 1 and 2 and Baker Level 1 and 2 qualify in BC

Amount: \$1,000 per year up to a \$2,000 lifetime maximum

Conditions:

- Must be a Canadian citizen, permanent resident or protected person (copy of status documents, if applicable, must be included with application)
- Not a high school student
- Proof of successful completion of either the first or second year (level/block)

Deadline:

- Completed application submitted by **June 30th** of the calendar year following the date you completed the year (level/block) for which you are applying

Claiming the Apprentice Incentive Grant:

- Go to the Service Canada Website:
<http://www.servicecanada.gc.ca/eng/goc/apprenticeship/incentivegrant/program.shtml>
- Phone – 1-866-742-3644 or TTY: 1-866-909-9757

Links to Service Canada Forms:

- [Apprenticeship Incentive Grant – Eligibility](#)
- [Apprenticeship Incentive Grant – How to Apply](#)
- [Apprenticeship Incentive Grant FAQ - Applying](#)
- [Apprenticeship Incentive Grant – Required Supporting Documents](#)
- [Apprenticeship Incentive Grant – Application Deadline Calendar](#)
- [Apprenticeship Incentive Grant – Downloadable Forms](#)

Apprenticeship Completion Grant (ACG) - Apprentice Federal Tax Credits and Grants – Service Canada:

Description: \$2,000 taxable cash grant designed to encourage apprentices registered in a designated Red Seal trade to complete their apprenticeship program and receive their journeyperson certification

Who Qualifies:

- A certified journeyperson in a designated Red Seal trade
 - ♦ **Note: if you challenged** a designated Red Seal trade (cook or baker) and did not complete an apprenticeship program to achieve certification you are **not eligible** for the completion grant

Amount: \$2,000 lifetime maximum per eligible journeyperson

Conditions:

- Must be a Canadian citizen, permanent resident or protected person
- Out of high school (apprentices enrolled in Adult Learning or professional upgrading classes are allowed)
- Proof of successful completion of an apprenticeship program in a Red Seal Trade
 - ♦ Copy of **Certificate of Apprenticeship**, provided by ITA
- Proof you are a certified journeyperson in a designated Red Seal trade effective January 1, 2009 or after
 - ♦ Copy of **Certificate of Qualification** issued by the ITA

Deadline:

- Completed application submitted by **June 30th** of the calendar year following the date you obtained your certification

Claiming the Apprentice Completion Grant:

- Go to the [Service Canada website](#):
- Phone 1-866-742-3644 (TTY: 1-866-909-9757)

Links to Service Canada Forms:

- Apprenticeship Completion Grant - [Eligibility](#)
- Apprenticeship Completion Grant FAQ - [Applying](#)
- Apprenticeship Completion Grant – [Supporting Documents](#)
- Apprenticeship Completion Grant – [Application Deadline Calendar](#)
- Apprenticeship Completion Grant – [Downloadable application form](#)

British Columbia Training Tax Credit - Apprentices

Provincial Tax Credits – Ministry of Finance:

Description: the BC Training Tax Credit consists of a Basic Tax Credit and a Completion Tax Credit with up to \$4,000 in fully refundable tax credits for apprentices as they progress through training; with additional funding available to qualified apprentices under the Enhanced Tax Credit (applies to a First Nations person or a person with a disability)

Who Qualifies:

Basic Tax Credit:

- Apprentices that complete level 1 or 2 of a BC recognized (non-Red Seal) program on or after January 1, 2007, Meatcutter qualifies

Completion Tax Credit:

- Apprentices that complete level 3 or higher of a Red Seal or non-Red Seal program on, or after, January 1, 2007
 - ♦ Professional Cook 3 (Red Seal), Baker Level 3 (Red Seal), and Meatcutter Level 2
- Challengers
 - ♦ Successful in challenging Red Seal or Non-Red Seal program after January 1, 2007

Note: Indians registered under the Indian Act (Canada) as well as challengers eligible for the disability credit on their income tax return may also claim the Enhanced Tax Credit

Conditions:

- Must be a registered apprentice in an eligible program with the ITA
- A resident in BC at the end of December 31 of the taxation year in which the credit is being claimed
- Not enrolled in a public high school, registered in a home schooling program or attending an independent school
- If you receive more than one certificate, or a certificate and a Red Seal Endorsement for graduating from the same program, you can only claim one credit for that program

Filing Requirements:

- Submit the T1014 form with your T1 Individual Income Tax Return to the Canada Revenue Agency (CRA)
- File your **T1014** form within **36 months** of the end of the taxation year that you completed a level and for the credit being claimed
- Include the following required documentation:
 - ♦ **Basic Tax Credit** – copy of official transcript from ITA
 - ♦ **Completion Tax Credit** – copy of Certificate of Qualification and/or Certificate of Apprenticeship
 - ♦ **Enhanced Tax Credit** – copy of Certificate of Indian Status card
 - ♦ **Disability Tax Credit** - proof of entitlement

British Columbia Training Tax Credit Program - Employers Provincial Tax Credits – Ministry of Finance Revenue Division

Description: the BC Training Tax Credit consists of a **Basic Tax Credit** and a **Completion Tax Credit** based on the salary and wages an employer pays an eligible apprentice in the first 24 months of an industry training agreement; up to \$6,500 in fully refundable tax credits for apprentices as they progress through training; with additional funding available to qualified apprentices under the Enhanced Tax Credit (applies to a First Nations person or a person with a disability)

Who Qualifies:

- An individual who resided in BC on the last day of the taxation year
- A corporation that maintained a permanent establishment at any time in the taxation year
- An individual or corporation that is an active member of a partnership, you may claim your proportionate share of the partnership's tax credit

Who is not eligible:

- Limited partners
- Corporation exempt from tax under section 27 of the Income Tax Act (the Act)
- Corporation with taxable income exempt under Part I of the federal Income Tax Act
- Corporation controlled directly or indirectly by persons who are exempt from tax under section 27 of the Act or under Part I of the Federal Act

Program Conditions:

- Signed employee/employer industry training agreement (ITA Apprentice and Sponsor Registration Form)
- Employee registered as an apprentice in an eligible recognized program
- Based on gross salary and wages paid on or after January 1, 2007 to December 31, 2011 that do not include profits, bonuses, employee benefits, stock options or government and non-government assistance
- Employees must be employed in a position that is:
 - ♦ In a business carried on in BC in the tax year by the eligible employer
 - ♦ Related to a non-Red Seal or Red Seal program in which the employee is a registered apprentice

Eligible Period:

- The eligible period is the period that ends at any time in a month that includes the employee's completion date, does not exceed 12 months and begins on, or after, January 1, 2007 to December 31, 2011
- **Note:** a previous employer may also claim a Completion Tax Credit if they employed an employee within the 12 month period ending on any day in the month that the employee completed level 3 or higher

British Columbia Training Tax Credit Program - Employers Provincial Tax Credits – Ministry of Finance Revenue Division

Basic Tax Credit:

- Based on the salary and wages paid to an eligible apprentice
- Non-Red Seal programs (e.g. Meatcutter)
- First 24 months of an industry training agreement timeframe
- Is equal to the amount that is the lesser of:
 - ♦ \$2,000, and
 - ♦ 10% of the salary and wages paid to a registered apprentice in an eligible recognized program

Completion Tax Credit:

- Based on the salary and wages paid to an employee who has completed level 3 or higher of an eligible training program on or after, January 1, 2007
- Includes Inter-provincial (Red Seal) and BC recognized (non-Red Seal) programs
 - ♦ Cook Level 3 (Red Seal), Professional Cook 3 (Red Seal), Baker Level 3 (Red Seal) and Meatcutter Level 2
- Is equal to the amount that is the lesser of:
 - ♦ \$2,500, or
 - ♦ 15% of the salary and wages paid to a registered apprentice in an eligible recognized program within the 12 month period ending on any day of the month that the employee completed Level 3

Filing Requirements:

- **Individuals** - submit the **T1014-1** form with your **T1** Individual Income Tax Return
- **Corporate** - submit **Schedule 428** with your **T2** Corporate Income Tax Return
- File your form within **36 months** of the end of the taxation year that your employee(s) completed a level for the credit being claimed
- Include the following required documentation:
 - ♦ **Basic Tax Credit** – copy of employee’s official transcript from ITA
 - ♦ **Completion Tax Credit** – copy of employee’s Certificate of Qualification and/or Certificate of Apprenticeship

Link to Forms/Contact Information

- Canada Revenue Agency - www.cra-arc.gc.ca
 - ♦ Phone – 1-800-959-8281
 - ♦ [Apprenticeship Job Creation Tax Credit](#)
- Ministry of Finance Revenue Division - www.sbr.gov.bc.ca
 - ♦ Phone - 250-387-3332 or 1-877-387-3332
 - ♦ email – ITBTaxQuestions@gov.bc.ca
- Industry Training Authority (ITA) - www.itabc.ca
 - ♦ Phone – 778-328-8700 or 1-866-660-6011
 - ♦ email – customerservice@itabc.ca
- Service Canada Centres
 - ♦ [Provincial Locations and Contact Information](#)
 - ♦ Phone toll free - 1-800-622-6232 (TTY: 1-800-926-9105)

BC Training Tax Credits Info For Apprentices:

[Training Tax Credit Bulletin](#)

Training Tax Credit – [General Information](#)

Training Tax Credit – [Frequently Asked Questions Apprentices](#)

Training Tax Credit – [Challenger Information](#)

Training Tax Credit – [T1014 Form](#)

Training Tax Credit – [Calculator for Apprentices](#)

BC Training Tax Credits Info For Employers:

[Training Tax Credit Bulletin](#)

Training Tax Credit – [General Information Employers](#)

Training Tax Credit – [Frequently Asked Questions Employers](#)

Training Tax Credit – [Individual Employer T1014-1 Form](#)

Training Tax Credit – [Corporations T2SCH428](#)