S32Assist: Rate calculation issues on S566 and S508

**For S566**

For corporations claiming the Ontario SR&ED Investment Tax Credits, the S566 Ontario Innovation Tax Credit (OITC) rate and the S508 Ontario Research and Development Tax Credit (ORDTC) rate on the S32Assist worksheet do not reflect the new rates applicable to tax years ending after May 31, 2016.

Consequently, the OITC and ORDTC relating to the PPA (i.e. in the Column E) and the reduction to the pool of SR&ED expenditures – T661, line 429 (i.e. in the Column F) are not allocated properly from the total ITC earned in the year (i.e. in the Column C), respectively.

The S566 OITC rate should be prorated as follows for tax years ending after May 31, 2016:

S566 OITC rate = $\frac{\begin{array}{c}Number of days in the tax year\\before June 1, 2016\end{array}}{Total Number of days in the tax year}$ x 10% + $\frac{\begin{array}{c}Number of days in the tax year\\after May 31, 2016\end{array}}{Total Number of days in the tax year}$ x 8%

The S508 ORDTC rate should be prorated as follows for tax years ending after May 31, 2016:

S508 ORDTC rate = $\frac{\begin{array}{c}Number of days in the tax year\\before June 1, 2016\end{array}}{Total Number of days in the tax year}$ x 4.5% + $\frac{\begin{array}{c}Number of days in the tax year\\after May 31, 2016\end{array}}{Total Number of days in the tax year}$ x 3.5%

Then recalculate the “ITC relating to the PPA” in Column E for the S566 OITC and the S508 ORDTC, respectively with the prorated rates calculated above, override the amounts in these two fields with the correct amounts.

**For S508**

For corporations claiming the OITC for the tax years beginning after December 31, 2013, “Portion related to current expenditures – T661, line 513” (i.e. Amount G for S566 OITC row) should be overridden to agree with the Amount C of the same row.