

New Apprenticeship Training Tax Credit

A new Apprenticeship Training Tax Credit has been introduced for self-employed taxpayers to encourage the hiring of apprentices in certain skilled trades. It consists of a 25% to 30% refundable tax credit on eligible expenditures incurred with respect to the hiring of apprentices to a maximum of \$5,000 per year over the first three years of the apprenticeship.

Eligible expenditures are salaries, wages, and other remuneration paid after May 18, 2004 to an apprentice who is in the first 36 months of an apprenticeship training program in a qualifying skilled trade.

The credit rate is based on the total salaries and wages paid by the taxpayer in the previous year. For example;

- If the total salaries and wages paid in the previous year was \$400,000 or less, the credit rate is 30%.
- If the total salaries and wages paid in the previous year was \$600,000 or greater, the credit rate is 25%

If total salaries and wages paid in the previous year was between \$400,000 and \$600,000, the special calculation shown in Illustration 5.5 is required.

Illustration 5.5

Apprenticeship training, Co-operative education or Graduate transitions tax credits						
Use this chart to calculate these credits if the total of the salaries and wages paid in the previous tax year was greater than \$400,000 but less than \$600,000.						
Reproduce the chart to do separate calculations for each individual claimed for each credit.						
Amount of eligible expenditures		x %			=	1
Enter again the amount of eligible expenditures		x 5%			=	2
Total of salaries and wages paid in the previous tax year		- \$400,000	=			3
Amount from line 3 (if negative, enter "0")		+ 200,000	=			4
<input type="text" value="1"/> minus the amount from line 4	-		=	(if negative, enter "0")	x	5
Multiply line 2 by line 5				=	+	6
Add lines 1 and 6					=	7
Credit amount						
*Enter the applicable rate for line 1: Apprenticeship training tax credit = 25%						
Co-operative education tax credit = 10%						
Graduate transitions tax credit = 10%						

The maximum credit of \$5,000 is only available for apprentices who were employed by the taxpayer for the entire year. To determine the maximum claim for 2004, multiply \$5,000 by the number of days that the apprentice was employed by the taxpayer after May 18, 2004, divided by the number of days in the taxation year.

The credit is claimed at Line 29 of the ON479.