



CHARTERED ACCOUNTANTS

## FEDERAL AND PROVINCIAL APPRENTICESHIP CREDITS

Effective 2007, new federal and provincial initiatives will provide tax credits to employers that engage apprentices in the trades.

The federal incentives are based on 10% of salaries and wages paid to employees in the first twenty-four months of their apprenticeship in a Red Seal trade, subject to a maximum of \$2,000 per year, per employee. (In addition, there is a taxable grant of \$1,000 per year available to the apprentices themselves).

The provincial incentives bolster the federal incentives above. There are two main provincial incentives:

1. Basic credits for apprenticeship programs outside of the Red Seal trades - if the apprentice you employ is working in one of the 79 non Red Seal trades recognized by BC's Industry Training Authority, BC will provide a credit similar to the credit that you would otherwise have received federally for a Red Seal apprentice. In other words, the employer will receive a credit equal to 10% of salaries and wages paid to the employee in the first twenty-four months of their apprenticeship in trade recognized by BC, subject to a maximum of \$2,000 per year, per employee. (In addition, there is a similar taxable grant of \$1,000 per year available to the apprentice as would have been available federally to a Red Seal apprentice). Note that the above implies that you will only receive either the federal credit, in the case of a Red Seal trade, or a provincial credit, in the case of a non Red Seal trade, but not both.
2. Completion credits for both the Red Seal and Non Red Seal programs. As the federal and provincial incentives noted above are limited to the first two years of the apprenticeship, BC has provided additional credits for program completion to provide a further incentive for the training of skilled tradespeople. The completion credits are: 15% of the salaries and wages paid in the year to employees that complete level 3 of an apprenticeship program (subject to a \$2,500 maximum) and 15% of salaries and wages paid in the year to employees that complete level 4 of an apprenticeship program (subject to a \$3,000 maximum).

Enhanced credits are also available for First Nations and disabled apprentices.

If these credits may be available to you, please discuss with your KNV contact. We will likely need the following information in order to be able to claim the credits on your behalf in the course of preparing your corporate tax returns:

- The employment commencement date of all of your employees who were in the first twenty four months of their apprenticeship in a Red Seal or BC Industry Training Authority trade at any point during the fiscal year (refer to <http://www.itabc.ca/TrainingPrograms.php> for approved programs)
- Wages and salaries paid to each such apprentice during the fiscal year

- The number of all such apprentices completing level 3 or level 4 of a BC Industry Authority trade at any point during the fiscal year, along with the wages and salaries paid such apprentices during the year
- Information as to which apprentices, if any, were of First Nations or disabled status

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