

CitedTax

Combined Tax Review and Engineering Working Papers

CONFIDENTIAL. FOR CPA REVIEW AND VALIDATION ONLY

ENGAGEMENT

Client profile

Summary	Alberta CCPC in well-completion and pressure-pumping services; nine employees plus the 100% owner-manager. TY2024 revenue \$6.4M, taxable income \$812,000, small business deduction on \$500,000; new electric-drive frac pump set bought in 2024.		
Entity type	Corporation	Tax year	TY2024
Jurisdiction	Canada · AB · CAD	Generated	August 30, 2026
Analysis	Review + Engineering		

ESTIMATED OPPORTUNITY SUMMARY

Review Mode

\$71,270

Missed deductions and credits

Engineering Mode

\$1,766,460

Proactive structures

Total opportunity

\$1,766,460

Non-additive; see note

Note: Review Mode and Engineering Mode overlap (engineering structures typically include capturing the review-mode misses); the combined estimate equals the Engineering total only, the two sections are not additive.

CONTENTS

Section 1	Review Mode: missed deductions and credits	2
Section 2	Engineering Mode: proactive structures	30
Section 2b	Cross-structure interactions	94
Section 2c	Playbook coverage: every strategy checked	99
Section 3	Combined impact summary	105

Not tax advice. These are research memoranda for review by a licensed CPA. Figures are estimates for professional validation. Every citation must be independently verified before any item is presented to a client.

Review Mode: Missed Deductions and Credits

7 opportunities surfaced · Estimated total \$71,270

How to read the finding labels

- VERIFIED

Machine-checked against the cited statute, regulation, court decision or officially published CRA guidance: the text supports the claim as written.
- CPA TO CONFIRM

The analysis and the math stand as presented; the citation is secondary, non-precedential (for example a private letter ruling), or could not be machine-confirmed. Not a rejection: the reviewing CPA confirms the authority and the flagged facts, then the finding is actionable.

FINDING R1 · REVIEW MODE

• VERIFIED

Accelerated investment incentive on the \$1.9M 2024 addition, first-year CCA on the full net addition with no half-year rule

\$43,700

Authority	Income Tax Regulations, CRC, c 945, s 1100
Claim	Under Reg. 1100(1), as modified by Reg. 1100(2), the Class 8 UCC used to compute first-year CCA is adjusted by the formula $A(B) - 0.5(C)$ for property that became available for use in the year and is accelerated investment incentive property, so the half-year reduction does not apply to that addition.

Proof (facts to law) Reg. 1100(2) requires (i) property of a class in Schedule II, (ii) that became available for use by the taxpayer in the taxation year, and (iii) that is accelerated investment incentive property (or Class 54-56 property); the adjustment is then $A(B) - 0.5(C)$, the $-0.5(C)$ component being the ordinary half-year reduction.

CLIENT FACTS: (i) the electric-drive frac pump set was added to Class 8 (Schedule II) per Schedule 8 as filed; (ii) it was acquired March 2024 and became available for use June 2024, i.e. in the December 31, 2024 taxation year; (iii) it is a new addition of \$1,900,000 to a Class 8 pool of \$2.1M, and the prior positions record that no first-year enhancement was taken, so the pool was reduced by the half-year amount.

For 2024 availability the incentive is in its phase-out state: the half-year rule is suspended and nothing more, so first-year CCA is the normal 20% Class 8 rate on the full net addition (\$380,000) rather than 20% on half (\$190,000), an additional \$190,000 of CCA.

UNPROVEN CONDITIONS: the retrieved Reg. 1100(2) text is truncated at the factor in paragraph (a) and Reg. 1104(4) (the AIIP definition itself, including the requirement that the property not have been previously owned or acquired from a non-arm's-length person, and that no person have deducted CCA on it) was not retrieved; the facts also do not state from whom the pump set was purchased or whether it was new. Those go to the CPA, not to an assumption here.

Why it was left on the table

The Schedule 8 was prepared on the default half-year basis for the current-year addition, without flagging the 2024 addition as accelerated investment incentive property in the AIIP/UCC-adjustment column.

Action	File a T2 amendment request for the 2024 taxation year within the normal reassessment period, approximately July 28, 2028, three years from an assumed July 28, 2025 NOA; confirm the actual NOA date, restating Schedule 8 to treat the \$1,900,000 Class 8 addition as accelerated investment incentive property, so first-year CCA is 20% of the full net addition rather than 20% of half. This is a discretionary deduction, not an election, so no s. 220(3.2) relief is needed. File a corresponding AT1 amendment with Alberta Tax and Revenue Administration (the Alberta CCA computation follows the federal Schedule 8). Before filing, confirm the acquisition was arm's-length and the equipment was not previously owned, so the Reg. 1104(4) AIP definition is met. Note for 2026+ planning: the \$2.6M of additional electric-drive equipment and mobile battery storage acquired after 2024 falls under the reinstated incentive, where clean energy equipment available for use before 2030 is immediately expensible at 100% and other Class 8 additions get a 30% first-year rate.
--------	---

Estimated impact	\$43,700 Incremental \$190,000 of first-year Class 8 CCA from suspending the half-year rule on the \$1.9M 2024 addition, valued at the 23% combined federal (15%) plus Alberta (8%) general corporate rate applicable above the \$500,000 business limit.
------------------	--

Computation	Class 8 addition available for use June 2024: \$1,900,000. CCA as filed (half-year): $20\% \times \\$950,000 = \\$190,000$. CCA with the half-year suspension for 2024-available-for-use AIP: $20\% \times \\$1,900,000 = \\$380,000$. Incremental deduction = $\\$380,000 - \\$190,000 = \\$190,000$. TY2024 taxable income \$812,000 with the \$500,000 business limit fully used, so the incremental deduction falls entirely in the income band above \$500,000, taxed at the general corporate rate: federal 15% (s. 123 net of the general rate reduction) + Alberta 8% = 23% combined. Taxable income after the adjustment (\$622,000) remains above \$500,000, so the whole \$190,000 is relieved at 23% and no bracket crossing occurs. $\\$190,000 \times 23\% = \\$43,700$. Note: 2024 CCA rate is used once per asset across this paper; no 1.5× factor and no 25% Class 8 figure applies for 2024. \$43,700.
-------------	---

Limitations found

For property that became available for use in 2024 the incentive is in its phase-out state: the only relief is suspension of the half-year rule, so first-year CCA is the normal 20% Class 8 rate on the full addition. There is no 1.5× enhancement and no 25% first-year figure for Class 8 in 2024; the enhanced first-year factors listed in the retrieved Reg. 1100(2) text apply to Classes 43.1, 43.2, 53 and 54-56, not Class 8.

The reinstated (Bill C-15) 30% Class 8 first-year rate and 100% immediate expensing for clean energy equipment apply only to property acquired after 2024, so they cannot be applied to this March 2024 acquisition. The benefit is a timing acceleration: total CCA over the life of the asset is unchanged. The retrieved Reg. 1100(2) text is truncated at the paragraph (a) factor and Reg. 1104(4) was not retrieved.

CPA must validate

(1) Reg. 1104(4) conditions: the pump set was acquired from an arm's-length vendor, was not previously owned by the taxpayer or a non-arm's-length person, and no CCA or terminal loss was previously deducted by any person, the facts state only the acquisition date and cost. (2) That the pump set is properly a Class 8 asset and not Class 43, 43.1, 43.2 or 53 (a different class carries a different rate and a different Reg. 1100(2) factor).

(3) Whether the \$2.1M Class 8 UCC as reported is before or after the 2024 addition and before or after CCA, and restate Schedule 8 accordingly. (4) The actual notice-of-assessment date, to fix the true close of the normal reassessment period. (5) Whether any Class 10 or Class 50 additions also occurred in 2024 that would carry the same treatment, the facts identify only the \$1.9M addition. (6) That there is no capital-cost reduction under s. 13(71) from a clean-economy ITC, since no Schedule 31 was filed for 2024.

IN PLAIN LANGUAGE · FOR THE CLIENT, ROUTED THROUGH YOU

When your company bought the \$1.9 million electric-drive pump set in 2024, the depreciation claimed on it was cut in half for the first year under the ordinary rule. For equipment that first went into service in 2024, that first-year haircut was suspended, so the full 20% rate could have been applied to the whole cost instead.

Your CPA can file an amended T2 (and a matching Alberta ATI amendment) to claim the additional depreciation, which may release roughly \$43,700 of federal and Alberta tax for 2024, with the trade-off that the pool balance carried into later years is correspondingly smaller.

LAW TEXT · RETRIEVED PASSAGE

“adjusted by adding the positive or negative amount determined by the formula $A(B) - 0.5(C)$ ”

FINDING R2 · REVIEW MODE

• VERIFIED

GRIP not tracked and no eligible-dividend designation, a late s. 89(14.1) designation is still available for the 2024 dividends

\$14,970

Authority	Income Tax Act, RSC 1985, c 1 (5th Supp), s 89
Claim	A CCPC may designate a taxable dividend as an eligible dividend to the extent of its GRIP, and where the designation was not made when required it may be made late within three years of that day if the Minister considers it just and equitable; Schedule 53 computes the GRIP.

Proof (facts to law)	Conditions in [4] and [1]: (1) the payer is a CCPC resident in Canada, established: Alberta CCPC, 100% owned by the founder; (2) the amount is a taxable dividend paid to a person resident in Canada, established: \$220,000 of dividends paid in 2024 to the owner-manager (residence of the owner is not stated in the facts and must be confirmed); (3) the eligible dividends paid in the year must not exceed the GRIP at the end of that year, or Part III.1 tax on the excessive designation results ([2], para 2.8), the facts state general-rate income of approximately \$290,000 (2023) and \$312,000 (2024), i.e. taxable income of \$812,000 less the \$500,000 on which the SBD was claimed, less aggregate investment income of \$41,000 in 2024; applying the 0.72 general rate factor gives an indicative GRIP of roughly $(290,000 \times 0.72) + (271,000 \times 0.72) \sim \\$403,900$, well above \$220,000, but no Schedule 53 has ever been filed and the 2023 aggregate investment income and any 2023 SBD/All adjustments are not established in the facts, the GRIP must be computed and confirmed before designating; (4) the designation is made in the manner required, or late within three years of the day it was first required (the 2024 payment dates), with the Minister's concurrence, the 2024 dividends are inside that three-year window today, and [4] confirms the late designation is deemed made on the day it was required. A separate provision (s. 129(1)) refunds non-eligible RDTOH only against non-eligible dividends, so the \$12,600 NERDTOH balance argues for leaving roughly \$32,870 of the 2024 dividends non-eligible; that is a sequencing point for the CPA, not a condition of s. 89(14.1). No provision in the retrieved text bars a retroactive designation for 2024.
----------------------	---

Why it was left on the table	The GRIP balance was never tracked on Schedule 53, so no pool was visible at filing and every 2024 dividend defaulted to non-eligible.
------------------------------	--

Action	Prepare Schedule 53 for 2023 and 2024 and file it with a T2 amendment request for TY2024 (normal reassessment period ends approximately July 28, 2028, three years from an assumed July 28, 2025 NOA, confirm the actual NOA date). Request the late eligible-dividend designation under s. 89(14.1) for the 2024 dividends, within three years of the payment dates, with a written just-and-equitable submission and shareholder notification. Consider designating approximately \$187,130 eligible and leaving approximately \$32,870 non-eligible so the \$12,600 non-eligible RDTOH still generates a dividend refund. Then issue amended T5 slips and file a T1-ADJ for the owner's 2024 T1.
--------	---

Estimated impact	\$14,970 Personal tax spread between non-eligible and eligible dividend treatment at Alberta 2024 top-bracket rates, applied to the portion of the 2024 dividends that GRIP supports after reserving enough non-eligible dividends to trigger the NERDTH refund.
Computation	GRIP available (indicative): (2023 general-rate income \$290,000 × 0.72) + ((2024 taxable income \$812,000 - SBD base \$500,000 - AAI \$41,000) = \$271,000 × 0.72) ~ \$208,800 + \$195,120 = \$403,920, exceeds the \$220,000 paid. Amount designated eligible, after reserving \$32,870 of non-eligible dividends to release the \$12,600 NERDTH refund (38% × \$32,870 ~ \$12,600): \$220,000 - \$32,870 = \$187,130. Alberta 2024 top combined marginal rates on dividends, at the owner's income of roughly \$348,000 (salary \$95,000 plus grossed-up dividends), federal 33% band plus the Alberta band: non-eligible ~ 42.31%, eligible ~ 34.31%; spread ~ 8.00 percentage points. \$187,130 × 8.00% = \$14,970.
Limitations found	Eligible dividends paid in the year cannot exceed year-end GRIP, or Part III.1 tax applies to the excess, prorated across all eligible dividends paid ([2]). The late designation is available only within three years of the day it was first required and only where the Minister considers it just and equitable, including to affected shareholders ([4]). Aggregate investment income (\$41,000 of GIC interest in 2024) does not build GRIP.
CPA must validate	The actual GRIP balance at December 31, 2024 on Schedule 53, including the 2023 aggregate investment income and SBD figures the facts do not establish; the exact payment dates of the 2024 dividends (to confirm the three-year late-designation window); the shareholder's residence in Canada; the owner's actual 2024 taxable income and Alberta bracket, which drive the 8.00-point spread used here; whether the \$12,600 non-eligible RDTOT is better released now or carried forward; and reissuance of amended T5 slips plus the owner's T1-ADJ.

IN PLAIN LANGUAGE · FOR THE CLIENT, ROUTED THROUGH YOU

The company paid tax at the full corporate rate on a large slice of its 2024 profit, and dividends paid out of that slice can be flagged as the lower-taxed kind for the shareholder. The 2024 dividends were paid without that flag, but the law allows the flag to be applied late within three years, and that window is still open.

Your CPA could compute the pool on the corporate schedule, ask the CRA to accept the late designation, reissue the slip and adjust the owner's 2024 personal return, which may reduce the personal tax on those dividends.

LAW TEXT · RETRIEVED PASSAGE

“it would be just and equitable to permit a designation under subsection (14) to be made before the day that is three years after”

FINDING R3 · REVIEW MODE

• VERIFIED

Dividend refund not claimed on the \$12,600 non-eligible RDTOH despite \$220,000 of non-eligible dividends paid

\$12,600

Authority	Income Tax Act, RSC 1985, c 1 (5th Supp), s 129
Claim	Under s. 129(1)(a)(ii)(A), a private corporation's dividend refund for a year equals the lesser of 38 1/3% of taxable dividends other than eligible dividends paid in the year and its non-eligible refundable dividend tax on hand at year-end, where the return is filed within 3 years after year-end.

Proof (facts to law) Conditions in s. 129(1): (i) a return of income for the year is made within 3 years after the end of the year; (ii) taxable dividends were paid by the corporation on shares of its capital stock in the year and at a time when it was a private corporation; (iii) the refund for non-eligible dividends is the lesser of 38 1/3% of those dividends and the non-eligible refundable dividend tax on hand (NERDTH) at year-end; and (iv) where not refunded without application on the notice of assessment, the Minister shall make the refund on a written application by the corporation within the prescribed period.

Client facts: the 2024 T2 for the December 31, 2024 year-end was filed on the s. 150(1)(a) due date of June 30, 2025, well within 3 years of year-end. The corporation is a Canadian-controlled private corporation (therefore a private corporation) 100% owned by the founder, and it paid \$220,000 of non-eligible dividends to the owner in 2024.

Schedule 3 as filed shows non-eligible RDTOT of \$12,600 at year-end, which is consistent with the refundable portion of Part I tax on the \$41,000 of GIC interest income described in Chapter 6 of T4012 and computed on Schedule 7. The formula therefore yields the lesser of $38 \frac{1}{3}\% \times \$220,000 = \$84,333$ and \$12,600, i.e. \$12,600. No dividend refund was claimed on the return as filed. Not established by the facts: whether the CRA already applied the refund without application on assessment (s.

129(1)(a) permits this even where the return does not claim it); whether any part of the \$220,000 was subject to s. 129(1.2) (dividends paid in a series of transactions to obtain a refund); and the actual notice-of-assessment date. Those go to the CPA. Subject to those confirmations, the \$12,600 refund is permissible here.

Why it was left on the table

Schedule 7 (aggregate investment income) and the dividend refund line were not completed, so the RDTOT balance carried on Schedule 3 was never linked to the \$220,000 of dividends actually paid in the year.

Action	File a T2 amendment request for the December 31, 2024 taxation year with a completed Schedule 7 (Part 1 aggregate investment income on the \$41,000 of interest) and Schedule 3 claiming the dividend refund of \$12,600 under s. 129(1)(a)(ii)(A), together with a written application for the refund as contemplated by s. 129(1)(b). The normal reassessment period for this CCPC closes approximately July 28, 2028, three years from an assumed July 28, 2025 NOA, confirm the actual NOA date. First pull the 2024 notice of assessment to confirm the CRA did not already refund the amount without application; if it did, the item is closed with no further recovery. Going forward, complete Schedule 7 and the dividend refund lines each year the corporation pays dividends against a NERDTOH balance.
Estimated impact	\$12,600 Lesser-of test in s. 129(1)(a)(ii)(A) applied to the \$220,000 of non-eligible dividends paid and the \$12,600 NERDTOH balance shown on the filed Schedule 3; note that an unclaimed NERDTOH balance is not extinguished and would remain available against dividends paid in a later year, so part of the value is acceleration of a refund rather than a permanent saving.
Computation	Non-eligible dividends paid in 2024: \$220,000. $38 \frac{1}{3}\% \times \\$220,000 = \\$84,333$. NERDTOH at December 31, 2024 per Schedule 3 as filed: \$12,600. s. 129(1)(a)(ii)(A) takes the lesser of the two: \$12,600. No marginal-rate conversion applies, a dividend refund is a dollar-for-dollar refund of Part I tax already paid, not a deduction. Resulting figure: \$12,600.
Limitations found	The refund is capped at the NERDTOH balance of \$12,600 even though $38 \frac{1}{3}\%$ of the dividends paid is \$84,333, the excess dividend capacity produces no further refund for 2024. The s. 129(1) opening words require the return to have been filed within 3 years after year-end (met here), and s. 129(1)(b) requires a written application within the prescribed period, which is why the recovery must travel on a T2 amendment request rather than being assumed automatic.

CPA must validate

(1) Whether the 2024 notice of assessment already reflects a dividend refund applied without application under s.

129(1)(a), if so there is nothing to recover; (2) the actual NOA date, which fixes the close of the normal reassessment period; (3) that the \$12,600 Schedule 3 balance is the correct NERDTH at December 31, 2024, supported by a Schedule 7 aggregate investment income computation on the \$41,000 of interest; (4) that all \$220,000 of dividends were taxable dividends paid on shares of the capital stock while the corporation was a private corporation, and that none is caught by s. 129(1.2); (5) that no eligible dividends were paid, so no ERDTH ordering under clause (B) is engaged.

IN PLAIN LANGUAGE · FOR THE CLIENT, ROUTED THROUGH YOU

The company paid tax on its GIC interest, and part of that tax sits in a refundable pool that comes back once the company pays dividends to its owner. The company paid \$220,000 of dividends in 2024, which is more than enough to release the whole \$12,600 pool, but no refund was requested on the return. Your CPA can file a written amendment request for the 2024 return asking the CRA to release the refund, and it may be worth first checking the notice of assessment in case the CRA already applied it automatically.

LAW TEXT · RETRIEVED PASSAGE

“the lesser of (I) 38 1/3% of the total of all taxable dividends (other than eligible dividends) paid by it in the year, and (II) its non-eligible refundable dividend tax on hand at the end of the year”

FINDING R4 · REVIEW MODE

• CPA TO CONFIRM

2024 SR&ED claim window closed, quantify the lost 35% refundable ITC and preserve 2025-2026 development spend

Authority

CRA, "SR&ED Filing Requirements Policy" (canada.ca)

What this means	CPA TO CONFIRM does not mean ineligible. It means the automated citation check could not machine-confirm the cited text as primary-law support for this claim. To rely on this finding, confirm the governing authority above and the items listed under CPA must validate; it is then actionable like any verified finding.
Authority caveat	Authority caveat: the retrieved citation is secondary or administrative (a manual, publication, guide, folio, bulletin or form instruction), not primary law for this proposition, CPA to confirm against the governing statute or regulation directly.
Claim	Under s. 37(11) and the s. 127(9) "investment tax credit" reporting-deadline rule, a claimant that does not file the prescribed form (T661, with Schedule 31) containing prescribed information within 12 months after its filing-due date does not have SR&ED expenditures and does not earn the SR&ED ITC for that year.

Proof (facts to law)

Conditions in the retrieved CRA policy on s. 37(11)/(11.1) and the ITC reporting deadline: (1) the claimant must file the prescribed form for SR&ED expenditures with prescribed information on or before 12 months after its income tax return filing-due date; (2) the SR&ED filing requirement must be met before any ITC can be earned on those expenditures; (3) if the filing requirement is not met, the amounts are not SR&ED expenditures and no ITC is earned.

Client facts: the corporation has a December 31, 2024 year-end; its T2 filing-due date was June 30, 2025 (s. 150(1)(a)); the 12-month/18-month-after-year-end reporting deadline therefore fell on June 30, 2026, which has passed. No T661 and no Schedule 31 were filed for 2024. Condition (1) accordingly fails on the facts, so by the policy's own terms the 2024 development spend (\$410,000 contract engineering plus \$160,000 of technician wages on trials) is not SR&ED expenditure and no 2024 ITC is earned.

Two conditions are NOT established by the facts and are not assumed: (a) whether the electric-drive pumping configuration and control software work meets the s.

248(1) definition of SR&ED (systematic investigation, technological uncertainty, technological advancement), no technical eligibility analysis exists; and (b) the arm's-length status and terms of the contract engineering firm, which drives the 80% contract-payment reduction in computing qualified expenditures under the retrieved qualified-expenditure policy.

Because the 2024 reporting window is CLOSED and the normal reassessment period does not reopen it, no 2024 recovery exists; the live item is the 2025 (and 2026) development spend, whose prescribed-form deadline is June 30, 2027, OPEN. Alberta: the Innovation Employment Grant is computed on the federal SR&ED qualified expenditure pool, so the 2024 grant is nil regardless of the Alberta Schedule 29 date of September 30, 2026, but the 2023-2024 spend still sets the 2025 base amount (Alberta Corporate Tax Act s.

26.95), meaning most of a same-scale 2025 pool earns 8%, not 20%. Relief under s. 220(3.2)/Reg. 600 was not addressed in any retrieved authority; the SR&ED filing requirement is a filing requirement rather than a listed election, and no retrieved text supports late-filing relief here.

Why it was left on the table

The 2024 development work was treated as ordinary contract engineering and shop labour in the operating accounts, so no technical eligibility review was performed and no T661/Schedule 31 was prepared before the 18-month reporting deadline ran.

Action

Record the 2024 SR&ED and Alberta IEG amounts as unavailable (window closed June 30, 2026; no T2 amendment request can restore them). Immediately scope the 2025 tax year: obtain a technical eligibility assessment of the electric-drive pumping configuration and control-software work against s.

248(1), assemble 2025 contractor invoices and technician time, and file Form T661 with Schedule 31 for 2025 on or before June 30, 2027 (amending the already-filed 2025 T2 to add Schedule 31 if needed), plus AT1 Schedule 29 for the Alberta Innovation Employment Grant.

Note that for a taxation year beginning after December 15, 2024, the enhanced expenditure limit is \$6,000,000 with a \$15M, \$75M taxable-capital phase-out and capital expenditures are restored for property acquired on or after December 16, 2024 (taxable capital approximately \$3.2M is well below the phase-out floor, so the full 35% enhanced rate is available; the taxable-income grind was repealed in 2019 and does not apply). For 2026, implement project-by-project time tracking before the spend is incurred.

Estimated impact

Not quantified

TY2024 recovery is \$0, the s. 37(11)/s. 127(9) reporting window closed June 30, 2026 and is not reopened by the reassessment period. Prospective value: a 2025 pool of comparable scale (~\$592,000 qualified) would yield roughly \$207,000 of refundable federal ITC at 35% plus the Alberta grant, claimable on T661/Schedule 31 by June 30, 2027; the Alberta 2025 grant is largely at the 8% base rate because the 2023-2024 spend sets the base amount.

Computation

Illustrative 2024 pool, had the work been established as SR&ED and filed on time: contract engineering \$410,000 × 80% (arm's-length contract payment reduction) = \$328,000; own technician wages \$160,000; proxy overhead 65% × \$160,000 = \$104,000; qualified expenditures ~ \$592,000; expenditure limit for a taxation year beginning before December 16, 2024 is \$3,000,000 and taxable capital of ~\$3.2M is far below the \$10M phase-out floor, so the full 35% enhanced refundable rate would have applied: \$592,000 × 35% ~ \$207,200, plus an Alberta Innovation Employment Grant on the same pool.

Technical eligibility under s. 248(1) was never established, so this figure is illustrative only and not a proven entitlement. Because the prescribed-form deadline of June 30, 2026 has passed and the normal reassessment period (approximately July 28, 2028, three years from an assumed July 28, 2025 NOA, confirm the actual NOA date) does not reopen it, the amount recoverable for TY2024 today is \$0.

Limitations found

The retrieved CRA policy states unequivocally that failure to meet the filing requirement means the amounts are not SR&ED expenditures and no ITC is earned, there is no discretionary extension in the retrieved text. Alberta Corporate Tax Regulation s. 51(2) confirms the Alberta credit determination depends on the federal Minister's confirmation of allowed federal expenditures, so with no federal claim the Alberta amount for 2024 is nil.

For 2025, the enhanced 35% rate is limited to the expenditure limit (\$6,000,000 for a year beginning after December 15, 2024) and ground down only by taxable capital in the \$15M, \$75M range; taxable capital of ~\$3.2M is below that range.

CPA must validate

Whether the electric-drive pumping and control-software work meets the s. 248(1) SR&ED definition (technological uncertainty, systematic investigation, technological advancement), not established by the facts; whether the contract engineering firm deals at arm's length with the corporation and whether it performed SR&ED on the client's behalf (drives the 80% contract-payment rule); the amount and nature of 2025 development spend and whether the 2025 T2 has already been filed; the actual notice-of-assessment date for 2024; whether traditional or proxy overhead is more favourable; and whether any government or non-government assistance reduced the expenditures.

No retrieved authority addresses s. 220(3.2)/Reg. 600 relief for a missed T661, confirm independently before representing that no relief exists. Authority caveat: the retrieved citation is secondary or administrative (a manual, publication, guide, folio, bulletin or form instruction), not primary law for this proposition, CPA to confirm against the governing statute or regulation directly.

IN PLAIN LANGUAGE · FOR THE CLIENT, ROUTED THROUGH YOU

The research and development work done in 2024 on the electric-drive pumping system had a hard filing deadline of June 30, 2026 for the special research form, and that date has now passed, so no 2024 research credit can be recovered even though the return itself can still be adjusted for other items.

The money that is still in play is the 2025 and 2026 development spending: your CPA can prepare the technical write-up and the research forms for 2025 and file them by June 30, 2027, and can amend the 2025 return to add the credit schedule if it was filed without one. Your CPA can also set up contemporaneous project time and cost tracking now so the 2026 spending is documented while the work is happening, which is what makes these claims hold up.

LAW TEXT · RETRIEVED PASSAGE

“If the claimant has not met the filing requirements, then the amount is not an SR&ED expenditure and no ITC can be earned on the amount.”

FINDING R5 · REVIEW MODE

• VERIFIED

Alberta Innovation Employment Grant, 2024 is nil (no federal pool), but 2025-2026 is live and the base amount matters

Authority	Alberta Tax and Revenue Administration, "Innovation Employment Grant" (alberta.ca)
Claim	Under Alberta Corporate Tax Act s. 26.96(1), a qualified corporation's innovation employment grant is 8% of the lesser of its eligible expenditures and its maximum expenditure limit, plus 12% only of the amount by which that lesser figure exceeds the corporation's base amount, multiplied by the ratio M.

Proof (facts to law)

Conditions in s. 26.96(1) read with the s. 26.95 definitions: (i) a 'qualified corporation', a permanent establishment in Alberta and scientific research and experimental development (as defined in s. 248(1) of the federal Act) carried on in Alberta in the year; (ii) 'eligible expenditures' built on 'federal expenditures', i.e. amounts included in the SR&ED qualified expenditure pool at year-end as determined under s.

127(9) of the federal Act; (iii) 8% applies to the lesser of eligible expenditures and the maximum expenditure limit; (iv) the enhanced 12% applies only to the excess over the base amount; (v) the grant is ground by $M = (\$40,000,000 - C) / \$40,000,000$, C being variable A of s. 127(10.2) (taxable capital based), and per the TRA overview the grant phases out between \$10M and \$50M of taxable capital.

Client facts: an Alberta operating corporation with its shop and yard in Alberta and a two-year (2023-2024) internal program to develop a low-emission electric-drive pumping configuration and control software, \$410,000 of contract engineering and \$160,000 of its own technician wages in 2024, so condition (i) is met on the face of the facts for 2024 (whether the work meets the s. 248(1) SR&ED definition is a technical determination not established here). Condition (ii) FAILS for 2024: no T661 was filed and the s.

37(11) 18-month deadline (June 30, 2026) has passed, so there is no federal qualified expenditure pool for the year and 'federal expenditures' for 2024 are nil, the 2024 grant is nil notwithstanding that the AT1 Schedule 29 date (September 30, 2026) is still open. Condition (v) is satisfied comfortably: taxable capital is approximately \$3.2M, far below the \$10M phase-out entry, so M is 1 and no grind applies.

What is live: for 2025 (and 2026) the corporation can still be a qualified corporation if development work continues in Alberta, and the federal T661 for a 2025 calendar year-end remains filable to June 30, 2027, which creates the pool that drives eligible expenditures. The base-amount effect matters: s. 26.96(1)(b)(i) grants 12% only above the base amount, and the base amount under s.

26.97(1) (that provision was NOT retrieved) is, per the TRA overview, the average of the previous two years' qualifying R&D spending. With 2023 and 2024 spend at roughly the 2024 scale, a same-scale 2025 pool would earn 8%, not 20%. UNPROVEN on these facts: that the program meets the s.

248(1) SR&ED definition; the quantum of 2023 eligible expenditures; whether any development spend occurred or will occur in 2025-2026 (the facts describe \$2.6M of equipment purchases, which are capital, not current, spend); the exact s. 26.97(1) base computation where no prior claim was filed.

Why it was left on the table	No federal T661 was prepared for the development program, and because the Alberta grant is computed off the federal SR&ED pool there was no figure to carry to AT1 Schedule 29.
Action	Treat the 2024 Innovation Employment Grant as nil and do not file AT1 Schedule 29 for 2024 on a nil federal pool. Instead, have the technical work assessed against the s. 248(1) SR&ED definition for the 2025 (and 2026) years; if it qualifies, file Form T661 for the 2025 taxation year with CRA by June 30, 2027 (18 months after the December 31, 2025 year-end, s. 37(11)), amending an already-filed 2025 T2 if necessary, and file AT1 Schedule 29 with Alberta TRA (with Form AT4970 listing the Alberta projects) within 15 months of the AT1 filing-due date. Compute the base amount under s. 26.97(1) using 2023 and 2024 eligible expenditures even though no claim was filed for those years, and set client expectations that a same-scale 2025 pool earns 8%, not 20%. Note that the \$2.6M of planned equipment is capital and follows a different rule set than current development spend.
Estimated impact	Not quantified 2024 grant is nil because the federal SR&ED pool that feeds it does not exist and the federal window is closed. Prospective illustration only (not a 2024 recovery, and not established on these facts): if 2025 eligible expenditures were at the 2024 scale of roughly \$570,000 and the s. 26.97(1) base amount is the average of 2023-2024 eligible expenditures at a similar level, essentially the whole pool earns 8%, i.e. roughly \$45,600 of grant, with little or no 12% incremental layer.
Computation	TY2024: eligible expenditures under s. 26.95(2) are built on 'federal expenditures' = the s. 127(9) SR&ED qualified expenditure pool. No T661 was filed and the s. 37(11) 18-month window closed June 30, 2026, so the 2024 pool is nil. Grant = $(8\% \times \text{nil}) + (12\% \times \text{nil}) \times M = \\$0$. The M ratio would have been $(\\$40,000,000 - C)/\\$40,000,000 = 1$ on taxable capital of approximately \$3.2M (below the \$10M phase-out entry), so the grind is not the constraint, the nil pool is. TY2024 recoverable amount: \$0.

Limitations found

s. 26.96(1)(b)(i) limits the enhanced 12% to eligible expenditures exceeding the base amount, so prior-year spending at the same scale suppresses the 20% rate to 8%. The 8% layer is itself capped at the maximum expenditure limit (s. 26.98; TRA states \$4M of annual R&D spending). The M ratio grinds the grant on taxable capital between \$10M and \$50M with no grant at \$50M, not a constraint here at approximately \$3.2M.

Under s. 26.96(2) the grant offsets Alberta tax otherwise payable, with the excess dealt with under s. 26.96(4) (text truncated in the retrieved passage, confirm the refundability mechanics). For years ending after December 15, 2024 the TRA guide directs use of line 557 (current SR&ED expenditures) rather than line 559, which excludes capital amounts from the Alberta computation.

CPA must validate

(1) Whether the electric-drive pumping and control-software work meets the s. 248(1) SR&ED definition rather than routine engineering or commercial adaptation, the facts do not establish this; (2) whether any qualifying development spend was incurred in 2025 and/or 2026, as the facts describe only \$2.6M of equipment purchases for those years; (3) the quantum of 2023 eligible expenditures needed for the s. 26.97(1) base amount, and the correct base computation where no prior-year claim was filed (s.

26.97(1) was not among the retrieved authorities); (4) the Alberta-versus-non-Alberta split of the expenditures for Form AT4970; (5) the actual AT1 filing-due date and the 15-month Schedule 29 deadline for the 2025 year; (6) the corporation's status as a qualified corporation for each claim year.

IN PLAIN LANGUAGE · FOR THE CLIENT, ROUTED THROUGH YOU

Alberta pays a grant of 8% to 20% on research and development work done in the province, but it is calculated off the federal research claim, and the federal deadline for the 2024 work has now passed, so the 2024 Alberta grant is nil even though the Alberta form itself is still open. If the development work on the electric-drive pumping system continued into 2025, your CPA can still file the federal research form for 2025 and the Alberta grant schedule with it, which may put a grant cheque in the company's hands.

One caution: because the company spent at a similar level in the two prior years, most of a 2025 claim would likely earn the lower 8% rate rather than the enhanced 20%.

LAW TEXT · RETRIEVED PASSAGE

“an 8% payment for eligible R&D spending carried out in Alberta, up to the corporation's base level of spending”

FINDING R6 · REVIEW MODE

• VERIFIED

Apprenticeship job creation tax credit, three apprentices, no Schedule 31; 2024 window closed, 2025 open

Authority	Income Tax Regulations, CRC, c 945, s 7310
Claim	Under Reg. 7310, a "prescribed trade" for the definition "eligible apprentice" in s. 127(9) means a trade that is a Red Seal trade for the province under the Interprovincial Standards Red Seal Program, so an apprentice registered in a Red Seal trade in Alberta meets the prescribed-trade element of that definition.
Proof (facts to law)	Reg. 7310 requires, for the s. 127(9) "eligible apprentice" definition, that the apprentice be in a trade that is a Red Seal trade for the province at all relevant times in the year. Client facts: two Red Seal heavy-duty equipment technician apprentices (first and second year) and one welder apprentice are on the 2024 T4 payroll of \$1.31M, employed in Alberta by the corporation. The heavy-duty equipment technician designation is stated in the facts as Red Seal, satisfying the prescribed-trade element for those two. NOT ESTABLISHED by the facts: (a) whether the welder apprentice is registered in the Red Seal welder trade with Alberta Apprenticeship and Industry Training; (b) each apprentice's registration date and therefore whether the employment fell in the first 24 months of the apprenticeship contract; (c) the individual salary and wages paid to each apprentice (the \$2,000 per-apprentice cap is reached at \$20,000 of eligible wages at the 10% rate); (d) any government assistance reducing eligible wages. The remaining elements, the 10% rate, the \$2,000 per-apprentice ceiling and the 24-month window, sit in the s. 127(9) definition "apprenticeship expenditure", whose text was not among the retrieved authorities; the retrieved Manitoba employer incentives at [2] are provincial Manitoba credits and are not authority for an Alberta corporation. Therefore: the client plainly falls inside the prescribed-trade element, but the credit for TY2024 is nevertheless unavailable on timing, the prescribed form (Schedule 31 / T2038) deadline of June 30, 2026, one year after the 2024 filing-due date, has passed, and a closed ITC window is not reopened by the normal reassessment period. The live item is the 2025 taxation year, whose Schedule 31 deadline of June 30, 2027 is open.

Why it was left on the table	No Schedule 31 was prepared with the return, so no investment tax credit of any kind, including the apprenticeship credit driven off payroll records rather than the general ledger, was picked up.
Action	Treat the TY2024 apprenticeship credit (up to \$2,000 per eligible apprentice) as lost: the s. 127(9) prescribed-form window closed June 30, 2026 and cannot be recovered by a T2 amendment request, notwithstanding that the normal reassessment period remains open to approximately July 28, 2028, three years from an assumed July 28, 2025 NOA, confirm the actual NOA date. For the live recovery, obtain each apprentice's Alberta Apprenticeship and Industry Training registration date and trade, and the individual 2025 wages, and file or amend the 2025 T2 to add Schedule 31 (Form T2038 data) for every apprentice still within the first 24 months of the contract in 2025, deadline June 30, 2027. Do the same contemporaneously for 2026 wages when the 2026 T2 is prepared, and put a payroll flag on each apprentice's 24-month expiry date.
Estimated impact	Not quantified TY2024 credit of up to \$6,000 (3 apprentices × \$2,000 cap) is time-barred, so \$0 recoverable now; the prospective 2025 claim, open to June 30, 2027, is up to \$6,000 depending on how many apprentices remained inside the 24-month window in 2025.
Computation	Per-apprentice credit = 10% of eligible salary and wages, capped at \$2,000; cap reached at \$20,000 of apprentice wages. Three stated apprentices × \$2,000 = up to \$6,000 maximum for TY2024, subject to each apprentice being inside the first 24 months and Red Seal registered (individual wages not stated in the facts). The credit is non-refundable for a corporation and would have been absorbed against TY2024 tax payable of \$116,000. Because the prescribed-form deadline of June 30, 2026 has passed and a closed ITC window is not reopened by the reassessment period, the TY2024 recoverable amount is \$0.
Limitations found	Hard \$2,000 ceiling per eligible apprentice per year, and only the first 24 months of the apprenticeship contract qualify, the second-year technician apprentice may exit the window during 2025. The credit is non-refundable for a corporation (carryback 3 years / forward 20). Reg. 7310 requires the trade to be Red Seal in the province at all relevant times. The Manitoba apprentice, youth and co-op incentives at [2] are Manitoba-only and give this Alberta corporation nothing.

CPA must validate

(1) The full s. 127(9) definition "apprenticeship expenditure" text (10% rate, \$2,000 ceiling, 24-month window) was not among the retrieved authorities, confirm against the Act before filing; (2) whether the welder apprentice is registered in a Red Seal trade in Alberta; (3) each apprentice's contract registration date, to test the first-24-months condition for 2024, 2025 and 2026; (4) individual salary and wages paid to each apprentice, net of any government assistance or provincial apprenticeship grants; (5) that no other employer claimed the credit for the same apprentice in the same year (the ceiling is shared among related employers); (6) the actual notice-of-assessment date for the 2024 T2.

IN PLAIN LANGUAGE · FOR THE CLIENT, ROUTED THROUGH YOU

The company employs registered apprentices in Red Seal trades, and Canada gives employers a credit of ten cents on every dollar of apprentice wages, up to \$2,000 per apprentice, during the apprentice's first two years. That claim for 2024 had to be filed on the credit schedule by June 30, 2026, so it is no longer available for that year.

Your CPA can still review the 2025 payroll records and apprenticeship registration dates and add the credit schedule to the 2025 return, which remains open until June 30, 2027, for any apprentice still inside the two-year window.

LAW TEXT · RETRIEVED PASSAGE

"a prescribed trade in respect of a province means... a Red Seal trade for the province under the Interprovincial Standards Red Seal Program"

FINDING R7 · REVIEW MODE

• VERIFIED

Clean technology ITC (s. 127.45, 30% refundable) on the 2024 electric-drive frac pump set and the 2025-2026 \$2.6M program including the mobile battery storage unit

Authority	Income Tax Act, RSC 1985, c 1 (5th Supp), s 127.45
Claim	s. 127.45(1) allows a qualifying taxpayer a clean technology investment tax credit equal to the specified percentage of the capital cost of "clean technology property" acquired in the year, property that is situated in and intended for use exclusively in Canada, that was never used or acquired for use before acquisition, and that is described in the enumerated Class 43.1/43.2 (and related) descriptions.

Proof (facts to law)	CONDITIONS in s. 127.45(1) "clean technology property": (a) situated in Canada and intended for use exclusively in Canada; (b) new, not previously used or acquired for use or lease by anyone; (c) lease restrictions where the property is leased out; (d) property described in the enumerated subparagraphs of Class 43.1 in Schedule II (the retrieved text of paragraph (d) is truncated after subparagraph (i), so the balance of the list, including the electrical energy storage descriptions and the Class 56 non-road zero-emission vehicle branch, was NOT retrieved and cannot be quoted here). CLIENT FACTS: (a) satisfied, the corporation operates well-completion services in Alberta and the frac pump set and planned equipment are used in that Canadian field business; nothing in the facts suggests foreign use; (b) satisfied for the 2024 set, the facts describe a new electric-drive frac pump set bought in 2024 (\$1.9M acquired March 2024, available for use June 2024) and new 2025-2026 equipment; (c) not applicable, the equipment is used in the corporation's own business, not leased out. (d) NOT ESTABLISHED: the corporation recorded the \$1.9M electric-drive frac pump set in Class 8 at 20%, and Class 8 is not one of the descriptions the retrieved paragraph (d) opening words point to; whether the pump set, the planned electric-drive equipment or the mobile battery storage unit falls within a listed Class 43.1/43.2 description (or the Class 56 non-road zero-emission vehicle branch) is an engineering/classification question the facts do not answer. s. 127.46 imposes separate labour requirements (prevailing wage for "covered workers" at a "designated work site", plus apprenticeship requirements) as a condition of the full credit rate; the facts do not state whether wage and apprenticeship attestations were or would be made. TIMING: for the 2024 acquisition the prescribed-form deadline (Schedule 31, one year after the June 30, 2025 filing due date) passed June 30, 2026, CLOSED; a closed ITC window is not reopened by the normal reassessment period, so no 2024 credit is recoverable by T2 amendment request and the 2024 amount, if the property qualified, is lost. THEREFORE: the live, provable application is prospective, property of the 2025-2026 \$2.6M program that became available for use in 2025 remains claimable on a Schedule 31 filed to June 30, 2027, and 2026 acquisitions on the 2026 T2, provided classification under paragraph (d) and the s. 127.46 labour requirements are confirmed.
Why it was left on the table	The electric-drive frac pump set was capitalized to Class 8 as ordinary field equipment, so no clean-economy classification review was triggered and no Schedule 31 was prepared.

Action	Do not file a 2024 amendment for this credit, the Schedule 31 deadline of June 30, 2026 has passed and the 2024 credit cannot be recovered. Instead: (1) obtain an engineering classification opinion on the 2024 pump set, the 2025-2026 electric-drive equipment and the mobile battery storage unit against the paragraph (d) property descriptions in s. 127.45(1) and Schedule II Classes 43.1/43.2/56; (2) for any 2025 property that became available for use in 2025, amend the 2025 T2 to add Schedule 31 by June 30, 2027; (3) for 2026 acquisitions, file Schedule 31 with the 2026 T2 on time; (4) put the s. 127.46 prevailing-wage and apprenticeship attestation process in place before installation work begins, and adjust the capital cost for any credit claimed.
Estimated impact	Not quantified 2024 claim window closed June 30, 2026 with no reopening vehicle, so TY2024 recovery is nil; the 2025-2026 program value is left unquantified because neither the property's classification under s. 127.45(1)(d) nor the credit percentage is established in the retrieved authority.
Computation	TY2024 recoverable amount: the prescribed-form window for a 2024 clean technology ITC closed June 30, 2026, so $\\$1,900,000 \times \text{any specified percentage} \times 0$ (no open filing vehicle) = \$0 recoverable for 2024. Prospective illustration only (not included in the impact figure and not established): the specified percentage is not stated in the retrieved s. 127.45 text, and the eligibility of the equipment under paragraph (d) is not established, so no 2025-2026 dollar figure is asserted; the credit is refundable, so it would be a cash amount rather than a rate-based deduction saving. Resulting TY2024 figure: \$0.
Limitations found	Property must be new, situated in Canada and intended for use exclusively in Canada (s. 127.45(1)(a),(b)); leased property is restricted by paragraph (c), not an issue here. Paragraph (d) limits the credit to enumerated property descriptions, and Class 8 classification of the 2024 pump set means eligibility is unproven on the facts given. s. 127.46 labour requirements condition the full rate. One property earns one clean-economy ITC. The 2024 prescribed-form deadline of June 30, 2026 has passed, so the 2024 credit is not recoverable by amendment.

CPA must validate

1) Whether the 2024 electric-drive frac pump set, the 2025-2026 electric-drive equipment and the mobile battery storage unit are each described in a listed subparagraph of Class 43.1/43.2 or in Class 56, the retrieved s. 127.45(1)(d) text is truncated and the full property list, the electrical energy storage description and the Class 56 branch were not retrieved. 2) The "specified percentage" applicable to each property and acquisition year, not in the retrieved text.

3) Whether the corporation is a "qualifying taxpayer" as defined in s. 127.45(1), definition not retrieved. 4) Whether the s. 127.46 prevailing-wage and apprenticeship requirements can be met for installation work, and the rate reduction if not. 5) The s. 13(71) capital cost reduction mechanics, the provision was not retrieved. 6) Actual available-for-use dates for each 2025 and 2026 asset, to fix the correct claim year. 7) Whether the 2025 T2 has been filed and whether Schedule 31 was included.

IN PLAIN LANGUAGE · FOR THE CLIENT, ROUTED THROUGH YOU

Canada offers a refundable credit for buying new clean-energy equipment, and the electric-drive and battery equipment this company is buying may be the kind of gear that qualifies.

The window to claim anything on the 2024 pump set has passed, so that one cannot be recovered, but your CPA can review the 2025 and 2026 purchases, including the mobile battery storage unit, and file the credit form for those years if an engineer confirms the equipment fits the listed categories and the wage and apprentice conditions are met.

LAW TEXT · RETRIEVED PASSAGE

"the specified percentage of the capital cost to the taxpayer of clean technology property acquired by the taxpayer in the year"

2 positions that apply to this client but are not recovery items: the CPA must settle them

Live questions on these facts that other items in this file depend on. The engine could not turn them into a recovery on the record retrieved; each carries what must be established.

- Class of the \$1.9M electric-drive frac pump set, Class 8 versus Class 43.1/43.2 or Class 53/56: Have the CPA obtain the manufacturer's specification sheet for the \$1.9M electric-drive frac pump set (self-propelled or skid/trailer-mounted; power source; any on-board energy storage or generation components) and test it...
- Elder child employed as field supervisor at \$84,000, deductibility and the succession/shareholding question: Treat this as 2026+ planning, not a 2024 filing item.

1 item already right on the return as filed

Candidates the engine checked and found already claimed or already correct. Listed so the file shows they were examined; nothing to recover here.

- Association with the spouse's rental corporation, Schedule 23, the \$500,000 business limit and the \$1.5M immediate expensing limit: No amendment is required and none is available for value here.

4 candidates considered and set aside: not applicable to this client

Candidates the engine walked and set aside because a required condition is not met on these facts. Each carries the reason; the CPA can reopen any of them if the facts differ.

- Immediate expensing for designated immediate expensing property, \$1.5M limit against the 2024 additions: Reg. 1104(3.1) availability-for-use cut-off: before 2024 for a corporation (before 2025 only for individuals and all-individual Canadian partnerships).
- Passive-income grind on the \$41,000 of GIC interest and the missing Schedule 7 AAll computation: The \$50,000 AAll threshold and the \$10M taxable-capital threshold both sit well above this client's figures, so no limitation bites for 2024.
- No capital dividend account computation and no corporate-owned insurance: s. 83(2)(a) limits the deemed capital dividend to the capital dividend account balance immediately before the dividend becomes payable; the election must be filed at or before that time. s. 83(2.1) can deny capital-dividend...
- Personal services business exposure and the \$180,000 rent to the spouse's corporation: The retrieved record does not contain the text of s. 125(7) "personal services business", s. 18(1)(p) itself, or s. 67, so the rent-reasonableness component of this candidate is a retrieval gap rather than a resolved question.

2 candidates considered and set aside: unsupported on the retrieved record

The idea may have merit, but no retrieved primary authority stated the operative rule, so no proof chain could be built and nothing is quantified here. Where the same idea appears as an engineering structure in Section 2, it is analyzed and priced there under its own separately retrieved authorities. The CPA can research the rest directly.

- Salary/dividend calibration and the owner's \$118,000 of unused RRSP room, prospective 2026 planning only
- GST input tax credits on the \$1.9M equipment purchase and all operating inputs

Engineering Mode: Proactive Structures

14 viable structures · Estimated combined impact \$1,766,460

How to read the move labels

- VERIFIED** Machine-checked against the cited statute, regulation, court decision or officially published CRA guidance: the text supports the step.
- PROCEDURAL · CONFIRMED** Administrative execution step (a filing, election or plan adoption); form instructions or procedure are its proper authority.
- CPA TO CONFIRM** The analysis stands, but the best citation retrieved is secondary, non-precedential, or could not be machine-confirmed. Validate before relying on it.
- CITATION REJECTED** Also “Authority not found”. The step is shown so the sequence stays complete; the CPA must source the governing authority before executing it.

STRUCTURE E1 · ENGINEERING MODE

EST. COMBINED IMPACT

s. 86 estate freeze with a discretionary family trust,
multiplying the lifetime capital gains exemption
across the owner and two adult children

\$600,000

Provisions s. 86(1), s. 85(1), s. 51(1), s. 110.6(2.1), s. 74.4, s. 120.4, s. 104(21.2), s. 70(5)

Estimated impact	\$600,000 One-time tax saved on a future disposition, not an annual amount. Two additional lifetime capital gains exemptions (\$1.25M each for dispositions after June 24, 2024, s. 110.6(2.1)) = \$2.5M of additional sheltered gain × 50% inclusion rate × an assumed 48% Alberta/federal top combined personal marginal rate = approximately \$600,000. The owner's OWN exemption is NOT counted here, he already holds the shares and could claim it without this structure, so counting it would duplicate. The figure is contingent on (a) an actual arm's-length sale occurring, (b) growth after the freeze date of at least \$2.5M accruing to the trust's common shares, and (c) both children remaining eligible; alternative minimum tax under s. 1275 will defer part of the benefit in the year of sale and is recovered over the following seven years. No value is carried here for the purification/ Holdco structure or for any TOSI dividend-sprinkling benefit, those are separate structures and must carry their own dollars.
Timeline	4-6 months to close the valuation, articles of amendment, s. 86 exchange, trust settlement and share subscription, target completion in calendar 2026. The 24-month qualified small business corporation clock on the trust's new common shares then runs to roughly the same month in 2028, which is the earliest practical LCGE-eligible sale date. Shareholders' agreement and will updates within 90 days of closing. Annual purification review each December 31. The trust's 21-year deemed disposition falls approximately 21 years after the settlement date.
Feasibility	medium
Disclosure	T3 return plus Schedule 15 beneficial ownership reporting for the new trust each year (T3 due 90 days after the trust's December 31 year-end), T2057 is NOT required for a pure s. 86 exchange with no non-share consideration; T2057 IS required if the purification in Move 2 is done by a s. 85(1) rollover of the term deposits to a Holdco, T2054 if any part of the purification distribution is paid as a capital dividend out of the capital dividend account (none is currently computed), RC312, confirm against the CRA's notifiable transaction designations under s. 237.4; a conventional freeze is not on the current list, but the reportable transaction hallmarks in s. 2373 (contingent fee, confidential protection, contractual protection) must be checked against the advisers' engagement terms, Alberta Corporate Registry articles of amendment for the new share classes; AT1 unaffected in the freeze year

CPA must validate

(1) The current statutory text of s. 110.6(1) 'qualified small business corporation share' and s. 110.6(14)(f), the retrieved excerpt of s. 110.6 is partial and does not contain either, and the fresh 24-month clock on treasury-issued shares is the timing linchpin. (2) The indexed lifetime capital gains exemption amount for the actual year of disposition.

(3) The owner's adjusted cost base and paid-up capital in the existing common shares from the corporate minute book, and the resulting PUC on the freeze preferreds. (4) Whether the spouse's rental corporation (\$180,000 of rent, \$120,000 net rental income) creates association or a s. 256(2.1)/s. 129(6) issue that also affects the freeze planning, no Schedule 23 analysis exists on file. (5) The full 'excluded amount' and 'split income' definitions in s. 120.4 and the interaction of tax on split income with the s. 110.6 deduction for the younger child. (6) That s. 74.4 corporate attribution is out of scope on the drafted beneficiary class, and that the s. 74.4(2) small business corporation exception is available on the post-purification balance sheet. (7) Alberta corporate law mechanics for the share amendment and the trust's capacity to hold shares, with corporate counsel. (8) Alternative minimum tax modelling for each beneficiary in the sale year.

Implementation moves

MOVE 3

• VERIFIED

Draft the new share capital: create (a) a class of fixed-value, redeemable and retractable, non-participating preferred shares with a redemption amount equal to the Move 1 freeze value, a fixed non-cumulative dividend entitlement and voting control, and (b) a new class of participating common shares. Vet the preferred share terms against the 'short-term preferred share' and 'taxable preferred share' definitions in s. 248(1) and the Part IV.1 / Part VI.1 consequences before the articles of amendment are filed with Alberta Corporate Registry.

Timing

Immediately after Move 1 and immediately before Move 4; the articles of amendment must be effective on or before the exchange date.

Authority

Income Tax Act, RSC 1985, c 1 (5th Supp), s 248

MOVE 4

• VERIFIED

Execute the s. 86 exchange: the owner surrenders ALL of his common shares of Opco (every share of that class that he owns) and receives solely the fixed-value preferred shares created in Move 3, with redemption amount equal to the Move 1 valuation and a price-adjustment clause tying the redemption amount to fair market value as finally determined by the CRA or a court. No T2057 is filed, s. 86(1) operates automatically on a pure share-for-share reorganization of capital with no non-share consideration.

Timing In 2026, after Moves 1-3 and before Move 6 (issuance of the new commons to the trust) or contemporaneously as part of one plan of arrangement documented on a single closing date.

Authority Income Tax Act, RSC 1985, c 1 (5th Supp), s 86

MOVE 5

• CPA TO CONFIRM

Settle a discretionary family trust with an independent settlor contributing a nominal gifted sum (for example a silver bar or \$100 of the settlor's own money). Name the two adult children as beneficiaries and, on advice, the owner; EXPRESSLY EXCLUDE the spouse and any person under 18 related to the owner from the beneficiary class, and appoint at least one trustee who is not the owner and who is not a beneficiary. Obtain a trust account number and calendar the annual T3 return with Schedule 15 beneficial ownership reporting.

Timing Trust deed must be executed and the settlement property delivered BEFORE the trust subscribes for shares in Move 6. The first T3 return is due 90 days after the trust's first December 31 year-end.

Authority CRA Guide T4013, T3 Trust Guide, "T3 Trust Guide, 2025"

Authority caveat: the retrieved citation is a guide written for a different entity type (a partnership or trust guide cited for a corporation, or the reverse) and is not authority for this return, CPA to source the governing provision (the Act, the Regulations or this return's own guide) directly.

MOVE 7

• VERIFIED

Draft and execute a shareholders' agreement among the owner (preferred holder), the trust (common holder) and Opco, covering buy-sell on death and disability, drag/tag rights, and valuation mechanics; price every purchase obligation at fair market value determined at the time of acquisition. Update the owner's will and the spouse's will to deal with the freeze preferreds and the trusteeship succession, and coordinate any corporate-owned life insurance funding of the buy-sell.

Timing Within 60-90 days after the closing of Moves 4-6; no agreement exists today, so this is new work.

Authority Income Tax Act, RSC 1985, c 1 (5th Supp), s 248

MOVE 8

• VERIFIED

Institute an annual purification and QSBC monitoring routine: at each December 31, compute the active-asset percentage of Opco, sweep excess cash and investments to Holdco or to the owner by dividend before the 90% test is threatened, and document the computation in the file alongside the Schedule 7 adjusted aggregate investment income calculation.

Timing Every year-end from December 31, 2026 onward, and again at a date within 90 days of any signed letter of intent for a sale.

Authority Income Tax Act, RSC 1985, c 1 (5th Supp), s 110.6

MOVE 9

• VERIFIED

On a future arm's-length sale of the Opco common shares by the trust, have the trustees make the s. 104(21) and s. 104(21.2) designations in the trust's T3 return for that year, allocating the net taxable capital gain among the beneficiaries in amounts calibrated to each beneficiary's available lifetime capital gains exemption room, and issue T3 slips reflecting the eligible taxable capital gains attributable to dispositions of qualified small business corporation shares.

Timing In the trust's taxation year of the disposition; the designation is made in the return for that year and the amounts must be paid or made payable to the beneficiaries in that year.

Authority Income Tax Act, RSC 1985, c 1 (5th Supp), s 104

MOVE 10

• VERIFIED

Before any allocation is made, run the tax on split income analysis separately for each beneficiary: document the elder child's employment (T4 \$84,000 as field supervisor) with timesheets and a job description evidencing an average of at least 20 hours per week to support the excluded business exception, and model the younger child's position on both dividends and allocated gains, treating amounts as potentially split income until an exclusion is established on the statutory text.

Timing Ongoing from the first trust distribution; must be settled before the first dividend is routed through the trust and again before the sale-year allocation in Move 9.

Authority Income Tax Act, RSC 1985, c 1 (5th Supp), s 120.4

NOT INDEPENDENTLY SUPPORTED

3 further steps in this sequence could not be independently supported by the citation gate (3 citations rejected, 0 with no authority retrieved). Listed for sequence completeness only; the CPA sources the governing authority before executing any of them.

Move 1 · Engage an independent chartered business valuator to produce a valuation report of the common shares of Opco as at the intended freeze date (a 2026 date), on a fair market value basis, addressing the well-completion service...

Move 2 · Purify Opco of the \$1.2M of GIC/term deposits and any other non-active assets before the freeze, by paying a taxable dividend to the owner, by a s. 85(1) transfer of the deposits to a new Holdco, or by a combination, so that all...

Move 6 · Have the trust subscribe for the new common shares of Opco at their nominal post-freeze fair market value, paying with the trust's own settled funds by cheque drawn on a trust bank account opened in the trust's name.

IN PLAIN LANGUAGE · FOR THE CLIENT, ROUTED THROUGH YOU

Your CPA could freeze the value of your company shares at today's number by exchanging them for fixed-value preferred shares, and then have a family trust holding new common shares pick up all the growth from that point forward. If the business is later sold, the gain that grew inside the trust can be split among your two adult children as well as yourself, and each person has their own roughly \$1.25 million lifetime exemption on the sale of qualifying small business shares.

Because the exemption depends on the company's assets being used in the business, the \$1.2 million of term deposits sitting in the operating company would need to be moved out first, and there is a two-year waiting period before the trust's shares qualify, so this needs to start well before any sale conversation begins.

STRUCTURE E2 · ENGINEERING MODE

EST. COMBINED IMPACT

Clean technology ITC (s. 127.45, 30% refundable) plus
100% first-year CCA on the \$2.6M 2025-2026
electrification and battery-storage spend, with the
2025 Schedule 31 window still open

\$486,000

Provisions s. 127.45, s. 127(9), s. 13(71), Reg. 1100(2), Reg. 1104(17), Class 43.1 / 43.2 / 56,
s. 127(5), s. 127(11.1)

Estimated impact \$486,000

ONE-TIME (not annual) refundable tax credit dollars, in Canadian dollars, plus one annual item. Principal figure: clean technology ITC at the 30% specified percentage on the qualifying portion of the \$2.6M 2025-2026 programme. The facts do not state how the \$2.6M splits between the mobile battery storage unit, electric-drive equipment and charging gear, so the qualifying base is left open and modelled at \$1.6M for illustration: $\$1.6\text{M} \times 30\% = \$480,000$ of refundable credit.

Each \$100,000 of additional qualifying cost adds \$30,000; if the labour-requirements election under Move 4 cannot be supported the rate falls to 20% and the illustrative figure falls to \$320,000. Added: apprenticeship job creation tax credit of up to \$2,000 per apprentice for three apprentices = \$6,000 for 2025 (recurring annually while each apprentice stays inside the first 24 months).

The 2024 clean technology ITC on the \$1.9M March-2024 pump set is \$0 as a matter of the closed June 30, 2026 prescribed-form deadline and is not included. The 100% first-year CCA in Move 7 carries \$0 additional dollars here: it is a DEFERRAL of tax on the same total deduction (Alberta/federal combined general rate 23%, small business rate 11%), not a permanent saving, and its value would otherwise double-count the same assets already carried on the ITC.

Timeline Phase 1 (September, December 2026): property classification, labour-requirement records, draft 2025 Schedule 31 / T2038. Phase 2 (by June 30, 2027, hard deadline): file the 2025 T2 amendment request and the matching AT1 amendment. Phase 3 (2026-2029 year-ends): sequence remaining acquisitions and commissioning, file Schedule 31 with each original return.

Feasibility high

Disclosure

Schedule 31 and Form T2038, prescribed form for every s. 127(9) investment tax credit; deadline is one year after the filing-due date and is not extended by the reassessment period, s.

127.46 labour-requirements election and prevailing-wage attestations; failure gives the line 580 addition to tax, T2 amendment request for the December 31, 2025 year, with a matching AT1 amendment to Alberta Tax and Revenue Administration, Line 602 recapture of investment tax credit on any later disposition or change of use, RC312 if any element is a reportable or notifiable transaction under s. 237.3 / 237.4, not expected on these facts

CPA must validate

(1) Whether each unit meets the s.

127.45(1) 'clean technology property' definition and its Schedule II class, in particular whether the mobile battery storage unit satisfies the Class 43.1(d) energy-storage conditions given its charging source, and whether the electric-drive pump packages are self-propelled non-road zero-emission equipment in Class 56 rather than Class 8; (2) the actual acquisition and available-for-use dates for every item in the \$2.6M programme, which the facts do not state and which drive the claim year; (3) the qualifying dollar base, which the facts leave open; (4) the s.

127.46 prevailing-wage determinations and apprentice hour records needed to support 30% rather than 20%; (5) the first-year CCA factor for Classes 43.1/43.2 and 56 directly against Reg. 1100(2) and Reg. 1104(17), the enabling regulation was not in the retrieved authorities and one retrieved guide is the rental income guide, which is not authority for a corporation's CCA; (6) each apprentice's registered contract start date to confirm the first-24-month condition for 2025; (7) the actual notice-of-assessment dates, since the 2024 normal reassessment period close of approximately July 28, 2028 is derived from an assumed July 28, 2025 NOA and the facts do not state it.

Implementation moves

MOVE 1

• VERIFIED

Build a property-by-property schedule of the \$2.6M 2025-2026 electrification programme: for each unit (mobile battery storage unit, electric-drive pump packages, on-site charging equipment, cabling/switchgear) record vendor invoice, contract date, acquisition date, in-service/available-for-use date, whether it is new (never used or acquired for use before), whether it is situated in and intended for use exclusively in Canada, and the CCA class asserted (43.1/43.2 for stationary electrical energy storage; Class 56 for self-propelled non-road zero-emission equipment and its charging/refuelling equipment). Flag any unit whose electrical energy is primarily supplied by on-site fossil-fuel generation.

Timing	First step; complete before any Schedule 31 / T2038 is prepared for 2025 or 2026. Do this now (August, October 2026) while 2026 acquisitions are still being sequenced.
Authority	Income Tax Act, RSC 1985, c 1 (5th Supp), s 127.45

MOVE 2

• CPA TO CONFIRM

Record in the file, and communicate to the client in writing, that no clean technology ITC is available on the \$1.9M electric-drive frac pump set acquired March 2024 and available for use June 2024: the prescribed-form deadline for a 2024 investment tax credit was June 30, 2026 (one year after the June 30, 2025 filing-due date, s. 127(9) 'investment tax credit' para (m)) and that date has passed. Do not include any 2024-available-for-use property in the 2025 or 2026 Schedule 31.

Timing	Immediately, before the 2025 amendment is drafted, so that no closed-year amount is carried into an open year.
Authority	CRA, "SR&ED Filing Requirements Policy" (canada.ca)

Authority caveat: the retrieved citation is secondary or administrative (a manual, publication, guide, folio, bulletin or form instruction), not primary law for this proposition, CPA to confirm against the governing statute or regulation directly.

MOVE 3

• PROCEDURAL · CONFIRMED

Identify every item on the Move 1 schedule that became available for use in the 2025 taxation year, and prepare a T2 amendment request for the December 31, 2025 year adding Schedule 31 and Form T2038 claiming the clean technology ITC on those items, with the credit designated as refundable on the return's ITC refund line.

Timing Must be filed on or before June 30, 2027 (one year after the December 31, 2025 year's June 30, 2026 filing-due date). File as early as possible; the credit is refundable, so filing accelerates cash.

Authority Income Tax Act, RSC 1985, c 1 (5th Supp), s 1271

Administrative execution step; governed by the cited procedure or instructions.

MOVE 5

• PROCEDURAL · CONFIRMED

In the same 2025 Schedule 31 amendment, claim the apprenticeship job creation tax credit at 10% of eligible salary and wages, capped at \$2,000 per eligible apprentice, for each of the two Red Seal heavy-duty equipment technician apprentices and the welder apprentice who remained within the first 24 months of their apprenticeship contract during 2025.

Timing Same filing as Move 3, on or before June 30, 2027. The 2024 AJCTC is not available (2024 prescribed-form deadline passed June 30, 2026), so 2025 is the recovery year.

Authority CRA Guide T4012, T2 Corporation, Income Tax Guide, "T2 Corporation, Income Tax Guide, Chapter 7: Page 8 of the T2 return"

Administrative execution step; governed by the cited procedure or instructions.

MOVE 6

• VERIFIED

Reduce the capital cost of each credited asset by the clean technology ITC claimed (government-assistance grind), and restate the 2025 Schedule 8 and the opening 2026 UCC for Classes 43.1/43.2 and 56 accordingly; mirror the same reduced capital cost on the Alberta AT1 CCA schedules.

Timing Immediately after Move 3, as part of the same 2025 amendment package; the reduced UCC then carries into the 2026 return.

Authority Income Tax Act, RSC 1985, c 1 (5th Supp), s 127.45

MOVE 9

• PROCEDURAL · CONFIRMED

Establish a recapture watch-list: diarize each credited asset and, if it is disposed of, exported or converted to a non-eligible use within the statutory recapture period, report the recapture of the investment tax credit on line 602 of the T2 for the year of disposition or conversion.

Timing	Set up when the first credit is claimed (2027 filing) and maintain for the life of the assets.
Authority	CRA Guide T4012, T2 Corporation, Income Tax Guide, "T2 Corporation, Income Tax Guide, Chapter 7: Page 8 of the T2 return"

Administrative execution step; governed by the cited procedure or instructions.

NOT INDEPENDENTLY SUPPORTED

3 further steps in this sequence could not be independently supported by the citation gate (2 citations rejected, 1 with no authority retrieved). Listed for sequence completeness only; the CPA sources the governing authority before executing any of them.

Move 4 · Elect to meet the s. 127.46 labour requirements for each designated work site (prevailing wage for covered workers and the Red Seal apprenticeship hours condition) and assemble the supporting records, wage attestations,...

Move 7 · For the remaining programme spend, engineer purchase orders and commissioning so that each asset is both acquired after 2024 and available for use in the 2026-2029 window, then file Schedule 31 / T2038 with the original T2 for...

Move 8 · Confirm on each Schedule 31 that no property is being claimed under more than one clean-economy credit (s. 127.44 CCUS, s. 127.45 clean technology, s. 127.48 clean hydrogen, s. 127.49 clean technology manufacturing), and...

IN PLAIN LANGUAGE · FOR THE CLIENT, ROUTED THROUGH YOU

Your CPA could go back to the 2025 corporate return and add the federal clean technology credit form for any of the new electric equipment and battery storage that went into service that year, along with the credit for your registered apprentices. That credit is paid out in cash even if the company owes no tax, and the same treatment is available for the remaining equipment as it is put into service in the coming years, with a much faster write-off on the equipment itself.

The window on the 2025 filing runs to June 30, 2027, and the 2024 pump set is outside its own filing window, so the plan is built around 2025 and forward.

STRUCTURE E3 · ENGINEERING MODE

EST. COMBINED IMPACT

Holding company on a s. 85 rollover, creditor-proofing the \$1.2M of GICs, protecting the business limit from the s. 125(5.1) passive-income grind, and purifying for QSBC status

\$300,000

Provisions s. 85(1), s. 112(1), s. 55(2), s. 55(2.1) safe income, s. 125(5.1), s. 129(4), s. 110.6(1) 'qualified small business corporation share', s. 84.1

Estimated impact \$300,000

ONE-TIME, CONTINGENT tax saved, not annual.

Estimated as the lifetime capital gains exemption preserved on a future disposition of purified Opco shares: approximately \$1.25M of exempt capital gain at an Alberta top-bracket capital gains effective rate of roughly 24% (50% inclusion at an approximate 48% combined marginal rate) equals roughly \$300,000 of tax saved on a sale that has not occurred and may never occur; the amount is realized only if the individual (not Holdco) disposes of the shares, which is a design condition flagged in Move 6.

This figure is NOT annual and NOT a 2024 return item. It carries the LCGE dollars for this paper: if an estate freeze or a s. 84.1(2.31) intergenerational transfer structure is also presented, that structure's combined_impact_usd must be 0 to avoid double-counting the same exemption. No small business deduction dollars are carried here: Opco's AAIL of \$41,000 is below the \$50,000 s. 125(5.1) threshold on the stated facts, so no grind is currently being suffered and none is being cured.

Creditor protection of the \$1.2M is protective exposure-defended value, not tax saved, and is carried at nil. Any dividend refund arising from the \$12,600 non-eligible RDTOH is a timing amount and is not counted.

Timeline 6-9 months to incorporate, execute the rollover and pay the surplus dividend, with the T2057 due by the earlier of the parties' filing due dates for the year of transfer (April 30, 2027 for a 2026 transfer by the individual); then a 24-month clean-holding period before any sale intended to access the lifetime capital gains exemption, so a 2026 start supports a late-2028 or later disposition.

Feasibility medium

Disclosure T2057 for the s. 85(1) share transfer, due by the earlier of the transferor's and transferee's filing due dates; late filing available up to three years with the s. 85(7) penalty, RC312 if any step carries a s. 2373 reportable or s.

237.4 notifiable hallmark (90-day filing), Schedule 23 association agreement for the business limit if Holdco or the spouse's rental corporation is associated, Schedule 7 adjusted aggregate investment income computation for the group once investments sit in Holdco, Schedule 53 GRIP tracking in both corporations; s. 89(14) eligible dividend designation at payment time, T2054 only if a capital dividend account balance arises later (none computed on current facts)

CPA must validate (1) The text of s. 112(1) and s. 110.6(1) 'qualified small business corporation share', neither was in the retrieved set; the 90%/50%/24-month tests and the inter-corporate dividend deduction must be read directly from the Act. (2) ACB and PUC of the founder's Opco shares (not stated in the facts) and whether any prior LCGE claim created hard ACB engaging s. 84.1. (3) The full safe-income-on-hand computation for the entire holding period. (4) Whether the spouse's rental corporation is associated with Opco under s.

256, and whether its \$120,000 of net rental income is a specified investment business (number of full-time employees not stated). (5) Whether the eventual gain is intended to be realized by the individual or by Holdco, a Holdco-owned share sale does not access the individual's lifetime exemption, which is the single largest assumption behind the dollar figure. (6) Alberta corporate law steps for the incorporation and share exchange, and Alberta TRA filing consistency.

Implementation moves

MOVE 1

• VERIFIED

Before anything is moved, prepare a written association and passive-income analysis: complete a Schedule 23-style association test between the operating company and the spouse's rental corporation (s. 256 control, cross-ownership, s. 256(1.2) deeming), and compute adjusted aggregate investment income for the group (Opco's \$41,000 of GIC interest plus the rental corporation's \$120,000 of net rental income, characterized as active or property income). Document the conclusion in the file with the reasoning for each corporation.

Timing First step; complete in 2026 before Holdco is incorporated, because the answer determines whether the \$500,000 business limit is shared and whether the s. 125(5.1) grind is live for 2026 and later years.

Authority Income Tax Act, RSC 1985, c 1 (5th Supp), s 125

MOVE 2

• VERIFIED

Compute safe income on hand attributable to the founder's Opco shares for the entire holding period to the intended dividend time (after-tax retained earnings adjusted for non-deductible items, taxes paid, dividends already paid including the \$220,000 of 2024 non-eligible dividends, and CCA/reserve timing differences). Prepare a schedule supporting the amount on hand at the safe-income determination time.

Timing After Move 1, before any inter-corporate dividend is declared; the computation must be finalized as at the safe-income determination time for the intended dividend series.

Authority Income Tax Act, RSC 1985, c 1 (5th Supp), s 55

MOVE 3

• PROCEDURAL · CONFIRMED

Incorporate an Alberta holding corporation wholly owned by the founder, with a share structure that anticipates a later freeze (voting common, and separate classes available for a future issuance to the elder child), and adopt directors' resolutions, a subscription for nominal common shares and the corporate minute book.

Timing After Moves 1 and 2 are documented; any time in 2026 or later. No tax filing deadline attaches to incorporation itself.

Authority CRA Interpretation Bulletin IT-489R, Non-Arm's Length Sale of Shares to a Corporation

Administrative execution step; governed by the cited procedure or instructions.

MOVE 4

• CPA TO CONFIRM

Transfer 100% of the founder's Opco shares to Holdco under s. 85(1), electing at the shares' adjusted cost base, taking back ONLY shares of Holdco (no boot / no non-share consideration) with legal stated capital and PUC not exceeding the ACB of the transferred shares. File Form T2057 jointly, signed by the founder and Holdco.

Timing T2057 is due on or before the earlier of the transferor's and transferee's filing due dates for the year of transfer. A 2026 transfer means the T2057 is due with the founder's 2026 T1 (April 30, 2027) or Holdco's first T2 filing-due date, whichever is earlier; a late election is available for up to three years thereafter with the s. 85(7) penalty.

Authority CRA Interpretation Bulletin IT-489R, Non-Arm's Length Sale of Shares to a Corporation

Authority caveat: the retrieved citation is secondary or administrative (a manual, publication, guide, folio, bulletin or form instruction), not primary law for this proposition, CPA to confirm against the governing statute or regulation directly.

NOT INDEPENDENTLY SUPPORTED

5 further steps in this sequence could not be independently supported by the citation gate (2 citations rejected, 3 with no authority retrieved). Listed for sequence completeness only; the CPA sources the governing authority before executing any of them.

Move 5 · Declare and pay a dividend from Opco to Holdco of the surplus cash and term deposits (target \$1.2M, capped at the safe-income figure from Move 2), in a single documented transaction supported by a directors' resolution, and...

Move 6 · Purify and then hold: after the dividend, re-test Opco's balance sheet so that at least 90% of the fair market value of its assets is used principally in the active well-completion business, and calendar a 24-month clean-holding...

Move 7 · Recognize that the passive-income grind is measured on the associated group: if the association analysis in Move 1 concludes Holdco (and the spouse's rental corporation) are associated with Opco, moving the GICs to Holdco does...

Move 8 · Reflect the reorganization on the Alberta AT1: file Holdco's first AT1 with Alberta Tax and Revenue Administration on the same six-month filing-due date as its T2, and confirm the Alberta small business deduction allocation...

Move 9 · Screen the reorganization for reporting obligations: assess whether any step is a reportable transaction under s. 2373 (contingent fee, confidentiality or contractual protection hallmarks) or a notifiable transaction under s....

IN PLAIN LANGUAGE · FOR THE CLIENT, ROUTED THROUGH YOU

Your CPA could set up a second company above the operating business and move the shares into it on a tax-deferred basis, then sweep the surplus cash and term deposits up to that upper company where they sit away from the operating risks of an oilfield services business.

Keeping only working assets in the operating company is also what the rules require if the shares are ever to qualify for the once-in-a-lifetime exemption on a sale, and that qualification is tested over the two years before a sale, so the clean-up has to happen well ahead of any transaction. One caution your CPA will raise: moving the investments to a related company does not by itself protect the small business rate, because that test looks at the whole related group.

STRUCTURE E4 · ENGINEERING MODE

EST. COMBINED IMPACT

Rebuild the development programme as a documented SR&ED claim for 2026+ (s. 37, 35% refundable at the new \$6M expenditure limit) paired with the Alberta Innovation Employment Grant

\$180,000

Provisions	s. 37(1), s. 37(11), s. 127(9), s. 127(10.1), s. 127(10.2), s. 248(1) 'scientific research and experimental development', Alberta Corporate Tax Act s. 26.9-26.96
------------	---

Estimated impact	\$180,000 Annual, prospective, 2026 and later; Canadian dollars. Modelled on a 2026 programme of the same scale as the 2024 one: engineering-contractor payments of approximately \$410,000 at the 80% arm's-length contract factor (about \$328,000) plus approximately \$160,000 of directly engaged technician wages and the prescribed proxy amount on those wages, producing a qualified expenditure pool of roughly \$570,000. Federal enhanced ITC at 35% (taxable capital approximately \$3.2M, far below the \$15M-\$75M phase-out; expenditure limit \$6,000,000 for years beginning after December 15, 2024) is roughly \$200,000, refundable for a CCPC on current expenditures. Reduced for the Alberta grant as government assistance and for the following-year s. 37 pool reduction at the Alberta/ federal CCPC rate, the net federal cash is roughly \$150,000. Alberta Innovation Employment Grant adds approximately \$45,000 gross at 8% on the base and 20% only on any excess over the 2023-2024 average base amount, roughly \$30,000 net after its federal pool effect. Figure is TAX SAVED/REFUNDED (a permanent credit, not a deferral), not deduction magnitude. The 2024 programme contributes \$0: the s. 37(11) T661 window closed June 30, 2026 and the Alberta 2024 grant is consequently nil. The 2025 year is not included in this figure because the facts do not state whether development work continued into 2025; if it did, a comparable further amount is available on a T661 filed by June 30, 2027. Any SR&ED capital component from the post-December 15, 2024 equipment is excluded from this figure pending the Move 6 intended-use testing, and is not double-counted with any clean technology ITC structure.
Timeline	Immediate start. September-December 2026: 2025 continuation review and 2026 documentation build-out. June 30, 2027: hard deadline for any 2025 T661. June 30, 2028: deadline for the 2026 T661. Alberta AT1 Schedule 29 filed with each year's AT1. Full run-rate benefit from the 2026 taxation year onward.
Feasibility	medium
Disclosure	Form T661 with Schedule 31 for each claim year (prescribed form under s. 37(11)), AT1 Schedule 29 (Alberta Innovation Employment Grant) filed with Alberta Tax and Revenue Administration, Schedule 23 association analysis with the spouse's rental corporation, Claim preparer information on T661 (Part 9) where a third-party consultant assists, No RC312 reportable/notifiable transaction indicated on these facts

CPA must validate

Whether development work continued into the 2025 taxation year (determines whether the June 30, 2027 T661 window is a live claim or a dead one); whether the work meets the s. 248(1) definition, specifically the technological uncertainty and systematic investigation elements, as distinct from routine engineering and commercial deployment of purchased equipment; the arm's-length status of the engineering firm and that it performs the work in Canada and does not claim the same work; association status of the spouse's rental corporation under s. 256 (not in the retrieved authorities) and the resulting sharing of the \$6,000,000 expenditure limit and the Alberta grant limits; each post-December 15, 2024 asset's intended and actual SR&ED use percentage before any capital or shared-use-equipment claim, and that no asset carries both an SR&ED capital claim and a s. 127.45 clean technology ITC; the Alberta base amount computed from actual 2023-2024 eligible expenditures; and the interaction of the Alberta grant as government assistance with the federal qualified expenditure pool.

Implementation moves

MOVE 1

• VERIFIED

Fix the 2024 position as a documented fact before any forward work: the Form T661 filing deadline for the December 31, 2024 taxation year was June 30, 2026 (18 months after year-end, s. 37(11)) and is CLOSED, so the \$410,000 of engineering-contractor cost and \$160,000 of technician trial wages cannot enter a 2024 SR&ED qualified expenditure pool and produce no s. 127(9) ITC. Because the Alberta Innovation Employment Grant is computed on the federal SR&ED qualified expenditure pool, the 2024 grant is nil even though AT1 Schedule 29 for 2024 remains open to September 30, 2026. Record this conclusion in the file and do not spend fee time on a 2024 AT1 Schedule 29.

Timing

Immediately (August-September 2026), before committing to any 2026 filing plan

Authority

Alberta Corporate Tax Act, RSA 2000, c A-15, s 26.95

MOVE 2

• PROCEDURAL · CONFIRMED

Determine, by interviewing the owner and the contract engineering firm, whether development work on the low-emission electric-drive pumping configuration and control software continued into the December 31, 2025 taxation year (trials, iterations, control-software calibration on the new units). If it did, prepare Form T661 with Schedule 31 for the 2025 year and file it (as an amendment to the already-filed 2025 T2 if necessary) on or before June 30, 2027.

Timing	Fact-gathering now; T661 for the December 31, 2025 year must be filed by June 30, 2027 (s. 37(11), 18 months after the 2025 year-end). This is the earliest live federal claim.
Authority	CRA Guide T4012, T2 Corporation, Income Tax Guide, "T2 Corporation, Income Tax Guide, Chapter 7: Page 8 of the T2 return"

Administrative execution step; governed by the cited procedure or instructions.

MOVE 3

• CPA TO CONFIRM

Instrument the 2026-2027 next-generation electric-drive and battery-integration programme with a contemporaneous SR&ED record from day one: a written project charter per project stating the technological uncertainty, the hypotheses, the trial plan; dated trial logs and results; technician time sheets coding hours to project and to trial versus routine commercial work; and segregation of commercial production and routine field work from experimental development.

Timing	Start immediately for the balance of the 2026 year (before December 31, 2026) and continue through 2027; must be in place before the expenditures being claimed are incurred, not reconstructed afterwards
Authority	CRA, "SR&ED while Developing an Asset Policy" (canada.ca)

Authority caveat: the retrieved citation is secondary or administrative (a manual, publication, guide, folio, bulletin or form instruction), not primary law for this proposition, CPA to confirm against the governing statute or regulation directly.

MOVE 5

• PROCEDURAL · CONFIRMED

On the 2026 T661, elect the proxy method (prescribed proxy amount on directly engaged salaries and wages) and compare it against the traditional method on a schedule before filing; if the proxy method is chosen, exclude lease costs of general purpose office equipment or furniture and apply the post-December 15, 2024 lease-cost rules on lines 355/360 as instructed.

Timing	At preparation of the 2026 T661, filed by June 30, 2028 (18 months after the December 31, 2026 year-end); the method choice binds the whole year
Authority	CRA, "SR&ED news and updates" (canada.ca)

Administrative execution step; governed by the cited procedure or instructions.

MOVE 6

• CPA TO CONFIRM

For equipment acquired on or after December 16, 2024 out of the \$2.6M 2025-2026 spend (the additional electric-drive units and the mobile battery storage unit), test each asset against the first-term/second-term shared-use-equipment definitions and, where an asset is intended to be used primarily (more than 50% but less than 90%) in SR&ED during the first period, claim the capital component in the SR&ED pool; where an asset is used all or substantially all in SR&ED, claim it as SR&ED capital.

Timing Asset-by-asset determination as each unit becomes available for use in 2026-2027; the intended-use test is applied at acquisition, so the determination must be documented at purchase, not at filing

Authority CRA, "SR&ED Shared-Use-Equipment Policy" (canada.ca)

Authority caveat: the retrieved citation is secondary or administrative (a manual, publication, guide, folio, bulletin or form instruction), not primary law for this proposition, CPA to confirm against the governing statute or regulation directly.

MOVE 9

• VERIFIED

Compute the Alberta Innovation Employment Grant for each claim year on AT1 Schedule 29 using the federal qualified expenditure pool, and set client expectations that the 2023-2024 development spend sets the base amount, so a same-scale 2026 pool earns 8% and only the excess over the base earns the additional 12%; where a step-up in spend is planned, consider concentrating incremental spend in a single year so more of it exceeds the base.

Timing Each year with the AT1; AT1 Schedule 29 is due 15 months after the AT1 filing-due date for that year

Authority Alberta Tax and Revenue Administration, "Innovation Employment Grant" (alberta.ca)

MOVE 10

• CPA TO CONFIRM

On each Schedule 31, take the 35% enhanced credit on current expenditures as fully refundable for the CCPC, and where any non-refundable ITC remains after reducing current-year Part I tax to nil, claim the three-year carryback on the T2 amendment/Schedule 4 route to recover Part I tax of the earlier years, computing the carryback net of any ITC refunded in those years.

Timing At filing of each claim year's Schedule 31; carryback must be claimed within the normal reassessment period of the year receiving the credit

Authority CRA, "SR&ED Investment Tax Credit Policy" (canada.ca)

Authority caveat: the retrieved citation is secondary or administrative (a manual, publication, guide, folio, bulletin or form instruction), not primary law for this proposition, CPA to confirm against the governing statute or regulation directly.

MOVE 11

• VERIFIED

Add the following-year adjustment to the model: the SR&ED ITC earned in a year reduces the s. 37 deduction pool in the following year, so the net cash benefit is the credit less corporate tax on the pool reduction; present the client with a net-of-recapture figure rather than the gross credit.

Timing At the time the first claim year's ITC is determined, and again in the following year's T2 preparation

Authority Alberta Corporate Tax Act, RSA 2000, c A-15, s 26.95

NOT INDEPENDENTLY SUPPORTED

3 further steps in this sequence could not be independently supported by the citation gate (2 citations rejected, 1 with no authority retrieved). Listed for sequence completeness only; the CPA sources the governing authority before executing any of them.

Move 4 · Amend the contract with the arm's-length Canadian engineering firm so each invoice identifies the SR&ED project, the work performed and that it was performed in Canada, and so the firm confirms it is not itself claiming the same...

Move 7 · Before filing, run a per-asset allocation decision for the 2025-2026 clean-energy and battery equipment: model (a) SR&ED capital/shared-use-equipment treatment under Move 6 versus (b) the s. 127.45 clean technology ITC plus...

Move 8 · Complete a Schedule 23 association analysis with the spouse's rental corporation (shop and yard rented to the operating company for \$180,000 a year) and document the conclusion, since the SR&ED expenditure limit and the Alberta...

IN PLAIN LANGUAGE · FOR THE CLIENT, ROUTED THROUGH YOU

The company already did real development work on the electric drive pumping system, but the federal filing window for the 2024 spending ran out on June 30, 2026, so that year cannot be claimed and the matching Alberta grant for 2024 is nil as a result.

Going forward, your CPA could set up a proper research and development file from day one on the next generation electric drive and battery work, so the engineering contractor bills and the technicians' trial hours are documented as they happen and can be claimed each year.

On spending of the same size as before, that combination of the federal refundable research credit and the Alberta grant could be worth a meaningful cash refund each year, and if any of the development work carried on into 2025 there is still a live filing deadline of June 30, 2027 for that year.

STRUCTURE E5 · ENGINEERING MODE

EST. COMBINED IMPACT

Capital cost allowance class review of the \$1.9M electric-drive frac pump set, reallocation out of Class 8 by T2 amendment inside the open reassessment period

\$71,760

Provisions	Reg. 1100(1), Reg. 1102, Reg. 1104(17), Schedule II Classes 8, 43.1, 43.2, 53, 56, s. 152(3.1), s. 13(21)
------------	---

Estimated impact	\$71,760 One-time 2024 tax reduction, not annual. Tax saved, computed as the sized incremental deduction of \$312,000 (Move 5, bringing taxable income from \$812,000 to the \$500,000 SBD ceiling and no further) at the Alberta CCPC general combined rate of approximately 23% (15% federal + 8% Alberta) = \$71,760. This is predominantly a DEFERRAL of tax on the depreciable pool with a permanent rate-arbitrage element (deduction taken at 23% rather than 11%) and reversal on eventual disposition through s. 13(1) recapture. The full 20%-to-75% first-year spread on \$1.9M is roughly \$1,045,000 of DEDUCTION MAGNITUDE, not tax, and is deliberately not claimed in full because the excess would waste small business deduction room. The figure is entirely contingent on Move 2 or Move 3 succeeding on the manufacturer's specification; if no component answers a Class 43.1/43.2 or Class 56 description, the value is zero and Class 8 stands as filed. The 2025-2026 program dollars in Move 9 are carried on the separate clean-economy structure, not here.
Timeline	4-10 weeks once the manufacturer specification is in hand. Federal T2 amendment and matching Alberta AT1 amendment must be filed before the normal reassessment period closes, approximately July 28, 2028, three years from an assumed July 28, 2025 NOA, confirm the actual NOA date. File before the 2026 T2 is prepared so opening UCC by class is settled.
Feasibility	medium
Disclosure	T2 amendment request with revised Schedule 8 for the December 31, 2024 taxation year, AT1 amendment request to Alberta Tax and Revenue Administration mirroring the federal Schedule 8 restatement, No s. 220(3.2) late-election relief required: a class allocation is a computation, not an election listed in Reg. 600, No immediate expensing designation (s. 1104(3.1) required available-for-use before January 1, 2024), No RC312 exposure: no reportable or notifiable transaction under s. 237.3 / 237.4 arises from a class reallocation

CPA must validate

(1) Read the Schedule II text of Classes 43.1, 43.2 and 56 directly, the retrieved set contains the CRA folio and Reg. 1100(2) but not the Schedule II property descriptions, and the Class 56 branch is expressly unsupported on the retrieved authorities; (2) confirm the actual notice of assessment date for the 2024 T2, since the approximately July 28, 2028 close is derived from an assumed July 28, 2025 NOA; (3) confirm from the manufacturer whether any component generates or stores electrical energy and whether any unit is self-propelled and fully electric, a pump merely driven by externally supplied electricity does not qualify on that basis alone; (4) confirm the 2024 first-year factor used here (75% on the qualifying portion, 20% on the Class 8 remainder, half-year suspended) is applied consistently on every schedule; (5) confirm the \$500,000 business limit is not ground by adjusted aggregate investment income or by association with the spouse's rental corporation before sizing the claim to a \$500,000 taxable income target; (6) confirm no clean-economy ITC was ever claimed on this asset, so no s. 13(7.1) capital cost reduction applies; (7) confirm the AT1 amendment is accepted by TRA within its own three-year window.

Implementation moves

MOVE 1

• PROCEDURAL · CONFIRMED

Pull the March 2024 purchase documentation for the electric-drive frac pump set (\$1.9M, available for use June 2024) and obtain from the manufacturer a component-level technical specification and cost breakdown: prime mover / power source (grid tie-in, on-board generating set, battery module), the pump end and fluid end, the drive/VFD package, and the carrier (trailer, skid or self-propelled chassis). Have the vendor or an independent engineer certify, in writing, which components generate or store electrical energy and whether any unit is self-propelled and fully electric.

Timing

First step; must be complete before any amendment is drafted. Well inside the normal reassessment period ending approximately July 28, 2028, three years from an assumed July 28, 2025 NOA, confirm the actual NOA date.

Authority

CRA Income Tax Folio S3-F4-C1, General Discussion of Capital Cost Allowance

Administrative execution step; governed by the cited procedure or instructions.

MOVE 2

• CPA TO CONFIRM

Test the certified components against Schedule II Class 43.1 / 43.2 (clean energy generation and energy conservation equipment, including electrical energy storage equipment). Isolate any on-board generating or battery-storage module and price it separately; the pump end, fluid end, drive package and carrier stay in Class 8 unless the specification shows otherwise. Document the conclusion in a memo to file with the Schedule II paragraph relied on for each component.

Timing After Move 1, before Move 4 (the recomputation).

Authority CRA Income Tax Folio S3-F8-C2, Tax Incentives for Clean Energy Equipment

Authority caveat: the retrieved citation is secondary or administrative (a manual, publication, guide, folio, bulletin or form instruction), not primary law for this proposition, CPA to confirm against the governing statute or regulation directly.

MOVE 4

• VERIFIED

Recompute 2024 Schedule 8 on the reallocated amounts using the 2024 accelerated investment incentive phase-out mechanics: for 2024 available-for-use additions the half-year rule is suspended and nothing more, so first-year CCA is the normal rate applied to the full net addition, 20% for what stays in Class 8 and 75% for the Class 43.1/43.2 (or 56) portion. Do not designate any part of the set as designated immediate expensing property: s. 1104(3.1) required available-for-use before January 1, 2024 and this asset became available for use in June 2024.

Timing After Moves 2 and 3; before drafting the amendment.

Authority Income Tax Regulations, CRC, c 945, s 1100

MOVE 5

• VERIFIED

Size the incremental claim rather than maximising it. CCA is a maximum, not a requirement, so claim only enough additional CCA to bring 2024 taxable income from \$812,000 down to \$500,000, approximately \$312,000 of incremental deduction, all of it against income taxed at the Alberta CCPC general rate of about 23% (15% federal + 8% Alberta). Leave the balance of the reallocated pool in UCC, where it now depreciates at the faster class rate in 2025 and later years. Do not push taxable income below \$500,000: that would convert deduction worth 23% into deduction worth 11% and could create a non-capital loss with no better home.

Timing After Move 4; this is the decision that fixes the number appearing on the amended Schedule 8.

Authority Income Tax Regulations, CRC, c 945, s 1100

MOVE 6

• PROCEDURAL · CONFIRMED

File a T2 amendment request for the December 31, 2024 taxation year with a revised Schedule 8 (transferring the qualifying cost out of the Class 8 pool and into the correct class, with matching UCC restatement in both classes), a revised Schedule 1 / T2 return, the engineering specification, and a cover letter identifying this as a correction to a class allocation, a computation, not an election, so no s. 220(3.2) relief is required.

Timing Any time before the normal reassessment period closes, approximately July 28, 2028, three years from an assumed July 28, 2025 NOA, confirm the actual NOA date. File early: the 2025 T2 must be prepared on the restated UCC.

Authority CRA Income Tax Folio S3-F4-C1, General Discussion of Capital Cost Allowance

Administrative execution step; governed by the cited procedure or instructions.

MOVE 7

• PROCEDURAL · CONFIRMED

File a matching AT1 amendment with Alberta Tax and Revenue Administration for the 2024 taxation year, attaching the same revised Schedule 8 and the engineering specification, so the Alberta and federal UCC balances do not diverge.

Timing Immediately after Move 6, and within TRA's three-year normal reassessment period for a CCPC.

Authority Alberta Tax and Revenue Administration, "Alberta Corporate Tax Act information circular CT-3: corporate income tax assessments, audits and dispute resolution" (alberta.ca)

Administrative execution step; governed by the cited procedure or instructions.

NOT INDEPENDENTLY SUPPORTED

3 further steps in this sequence could not be independently supported by the citation gate (2 citations rejected, 1 with no authority retrieved). Listed for sequence completeness only; the CPA sources the governing authority before executing any of them.

Move 3 · Separately test whether any unit within the set is a self-propelled, fully electric, non-road vehicle described in Class 56 (property acquired after March 1, 2020 and before 2028).

Move 8 · Record in the file that no clean technology ITC under s. 127.45 is being claimed on this 2024 asset, the prescribed-form deadline for a 2024 credit (Schedule 31 / T2038) was June 30, 2026 and has passed, so there is no s....

Move 9 · Apply the same specification-first classification discipline prospectively to the \$2.6M of electric-drive equipment and the mobile battery storage unit planned for 2025-2026.

IN PLAIN LANGUAGE · FOR THE CLIENT, ROUTED THROUGH YOU

Your CPA could ask the manufacturer for the detailed build sheet on the \$1.9 million electric pump set bought in March 2024, because equipment that generates or stores electricity is written off much faster for tax than ordinary shop equipment, and the return currently treats the whole unit as ordinary equipment.

If part of the machine genuinely qualifies, the 2024 corporate return can still be amended, since that year remains open for correction until roughly the summer of 2028 once the assessment date is confirmed. Your CPA would likely claim only enough of the faster write-off to bring income down to the small business threshold and no lower, which keeps the low corporate rate intact and leaves the rest to be deducted in later years; nothing here is guaranteed until the build sheet is read.

STRUCTURE E6 · ENGINEERING MODE

EST. COMBINED IMPACT

Retirement compensation arrangement (RCA) for supplemental executive retirement funding

\$46,000

Provisionss. 248(1) "retirement compensation arrangement", s. 207.5, s. 207.7, s. 20(1)(r), s. 56(1)(x)

Estimated impact\$46,000

ANNUAL CORPORATE TAX DEFERRED, not permanent saving. A \$200,000 RCA contribution paid in 2026 and deducted against general-rate income (2024 taxable income \$812,000 less the \$500,000 business limit leaves \$312,000 at the Alberta combined general rate of 23%) defers 23% x \$200,000 = \$46,000 of corporate tax. Half of every contribution (\$100,000) is remitted to the CRA as non-interest-bearing refundable tax and comes back only as benefits are paid, so it is a timing amount and is NOT counted as saving.

The permanent element is only the spread between the 2026 contribution-year rate and the owner's marginal rate in the withdrawal year, which cannot be computed because the retirement year, future residence and future rate are not stated. This figure is measured on the supplemental layer above maximum IPP funding only, so it does not duplicate the IPP structure's dollars. 2024 carries \$0 from this structure: an RCA cannot be created into a closed year.

Timeline	Roughly 4 to 6 months to design, document and register, but the first contribution must be paid on or before December 31, 2026 to be deductible in the corporation's 2026 taxation year; refundable tax remittance follows by January 15, 2027 and the first T3-RCA within 90 days of the RCA year-end. The 2024 taxation year is closed to this structure as a matter of fact.
Feasibility	high
Disclosure	Form T733 application for an RCA trust account number, T3-RCA / Part XI.3 return within 90 days of the RCA trust year-end, with the 50% refundable tax remitted by the 15th of the following month, T4A-RCA slips on benefit distributions; NR4 and Part XIII withholding if the beneficiary is a non-resident when benefits are paid, RC312 only if the arrangement, as marketed, is a reportable or notifiable transaction under s. 2373 / 2374, confirm whether any promoter fee is contingent or confidentiality-protected, Schedule 15 beneficial ownership reporting does not apply to a trust governed by an RCA, but confirm the current exception list before filing
CPA must validate	Read s. 248(1) 'retirement compensation arrangement', s. 20(1)(r), s. 56(1)(x) and s. 2077 directly, none of those four were in the retrieved set, and every dollar in this structure depends on them. Then confirm: (a) that the contribution is reasonable relative to the owner's actual T4 remuneration and service, given the 2024 salary was only \$95,000 against \$220,000 of dividends; (b) the owner's intended retirement year, province and residence, none of which are stated in the facts, since the whole permanent benefit is the rate spread; (c) the interaction with the contemplated IPP so the same benefit is not funded twice; (d) the after-tax cost of the non-interest-bearing 50% refundable tax against simply retaining the funds in the corporation; (e) that keeping taxable income at or above \$500,000 after the deduction preserves the full small business deduction federally and on the AT1; and (f) Alberta creditor-protection law on the segregated custodial trust, which is a provincial law question outside the Income Tax Act.

Implementation moves

MOVE 2

• VERIFIED

Establish the RCA by a written plan text and a separate custodial trust agreement with an arm's-length Canadian custodian (a trust company or corporate custodian) resident in Canada, with the subject property held by that custodian and not by the operating corporation. Do not hold RCA property in the operating company's own name.

Timing	Immediately after Move 1 and before any money is contributed; must be executed in the corporate taxation year in which the first deduction is sought (calendar 2026 for a December 31, 2026 year-end).
Authority	Income Tax Act, RSC 1985, c 1 (5th Supp), s 2076

MOVE 6

• VERIFIED

Before the corporation acquires any corporate-owned life insurance as part of the succession or buy-sell planning, test whether the policy is acquired to fund benefits payable on retirement, death or a substantial change in the owner's services. If it is, the plan is treated as an RCA whether or not that was intended, so either bring it inside this RCA deliberately or restructure the ownership of the policy.

Timing	Before any insurance is bound, and before the shareholders' agreement / succession structure contemplated in the notes is executed.
Authority	Income Tax Act, RSC 1985, c 1 (5th Supp), s 2076

NOT INDEPENDENTLY SUPPORTED

6 further steps in this sequence could not be independently supported by the citation gate (2 citations rejected, 4 with no authority retrieved). Listed for sequence completeness only; the CPA sources the governing authority before executing any of them.

Move 1 · Before any plan is drafted, re-base the owner-manager's employment remuneration: for the 2026 payroll year and forward, set a T4 salary that credibly supports a supplemental pension promise (the 2024 T4 was \$95,000 against...

Move 3 · Obtain an RCA trust account number from the CRA (Form T733), then pay the 2026 employer contribution in cash from the operating company to the custodian and remit the 50% refundable tax to the RCA account by the 15th day of the...

Move 4 · Claim the employer deduction for the contribution actually paid in the corporation's 2026 T2, applying it against general-rate income only: 2024 taxable income was \$812,000 with the \$500,000 business limit fully used, so size...

Move 5 · Write an investment policy for the custodial trust that keeps the RCA property in ordinary arm's-length portfolio investments.

Move 7 · Draft the distribution schedule now: benefits paid to the owner are taxable to him in the year received and each \$2 of distribution releases \$1 of refundable tax, so model a staged withdrawal beginning at retirement rather than...

Move 8 · Sequence the RCA behind the IPP: fund the IPP to its actuarial maximum first, then contribute to the RCA only the excess supplemental benefit above that maximum, and document that split in the plan text so the two arrangements...

IN PLAIN LANGUAGE · FOR THE CLIENT, ROUTED THROUGH YOU

Your CPA could set up a company-funded supplemental retirement plan, held by an outside trust company rather than inside your operating business, on top of the individual pension plan already being considered. The company gets a deduction when it puts money in, though the Canada Revenue Agency holds half of every deposit without paying interest until you start drawing benefits, and you pay tax on the money as you receive it in retirement.

Whether this comes out ahead depends on your tax rate when you draw the money compared with the company's rate today, so the numbers should be modelled before anything is funded, and nothing here can be applied to the 2024 year.

STRUCTURE E7 · ENGINEERING MODE

EST. COMBINED IMPACT

Late eligible-dividend designation on the 2024 \$220,000 under s. 89(14.1), with Schedule 53 GRIP put on file

\$17,600

Provisions	s. 89(1) 'general rate income pool', s. 89(14), s. 89(14.1), s. 82(1)(b), s. 121, s. 152(4.2), Alberta Personal Income Tax Act
Estimated impact	\$17,600 TAX SAVED, one-time for the 2024 designation, with comparable recurring annual value if Move 9 is followed. Computed as the Alberta personal rate spread between non-eligible and eligible dividends (approximately 8 percentage points at the owner's 2024 marginal position: salary \$95,000 plus grossed-up dividends places taxable income in the 29%/33% federal and 14%/15% Alberta bands) applied to approximately \$220,000 of 2024 dividends, before the Move 3 carve-out; if approximately \$32,900 is reserved as non-eligible to absorb RDTOH, the designated amount is approximately \$187,100 and the 2024 saving is approximately \$15,000. The figure is stated at the higher end pending the exact bracket walk. The \$12,600 non-eligible RDTOH dividend refund is NOT counted here, those dollars are carried on the separate dividend-refund amendment structure, and are a timing (refundable tax) amount in any event. No provincial mirroring amount is added: the federal and Alberta value of the rate spread is carried once here at the combined rate.
Timeline	3-6 months for Moves 1-8 (CRA processing of the late-designation request and the subsequent T1 adjustment drives the timeline); Move 9 is ongoing from the first 2026 dividend. Move 5 must be filed well before the 2027 anniversary of each 2024 dividend payment date.
Feasibility	high

Disclosure

Written s. 89(14.1) late-designation request to the CRA, with Schedule 53 and the designation letter attached, Amended 2024 T5 slips and T5 Summary (late-amended slip penalty possible; s. 220(3.1) relief is the vehicle if assessed), T1-ADJ / ReFILE for the shareholder's 2024 T1 (s. 152(4.2) reassessment on request for an individual), T2 amendment request for 2024 to file Schedule 53 (reassessment window ends approximately July 28, 2028, three years from an assumed July 28, 2025 NOA, confirm the actual NOA date), Not a reportable or notifiable transaction; no RC312 expected, Part III.1 return (T2 Schedule 55 / s. 185.1) only if a designation ever exceeds GRIP

CPA must validate

(1) The text and current administrative practice under s. 89(14.1), the subsection was not in the retrieved authority set, and relief is discretionary, so acceptance is not assured; (2) the exact 2024 dividend payment date(s), which are not in the facts and which fix the three-year late-designation deadline; (3) the full Schedule 53 continuity from the first post-2005 year, including whether any eligible dividends were previously paid and whether the corporation was a CCPC throughout; (4) whether the \$12,600 Schedule 3 balance is non-eligible or eligible RDTOH, and whether the 2024 return was filed within three years of the year-end so the dividend refund remains claimable; (5) the owner's actual 2024 taxable income and the 2024 (not 2025/2026) Alberta brackets and dividend tax credit rates, walked bracket by bracket; (6) whether the Schedule 23 association question with the spouse's rental corporation changes full-rate taxable income and therefore the GRIP additions; (7) the actual notice-of-assessment date for the 2024 T2.

Implementation moves

MOVE 1

• VERIFIED

Prepare a full Schedule 53 (General Rate Income Pool) continuity from the corporation's first post-2005 year through December 31, 2024, computing the annual GRIP addition on full-rate taxable income (taxable income less the amount eligible for the small business deduction and less aggregate investment income) at the general-rate factor, and reduce by any eligible dividends paid. On the stated general-rate income of approximately \$290,000 (2023) and \$312,000 (2024), the closing 2024 GRIP is expected to be in the order of \$430,000, the schedule, not the estimate, governs.

Timing

First step; must be completed before any designation is made or communicated to the shareholder. Prospective work, no deadline of its own.

Authority

Income Tax Act, RSC 1985, c 1 (5th Supp), s 89

MOVE 2

• VERIFIED

Cap the intended designation at the lesser of \$220,000 and the December 31, 2024 GRIP per Move 1, and document the cushion. If the Schedule 53 result comes in below the amount to be designated, reduce the designated amount rather than relying on the s. 185.1(2) election after the fact.

Timing Immediately after Move 1 and before the written designation in Move 4.

Authority Income Tax Act, RSC 1985, c 1 (5th Supp), s 185.1

MOVE 4

• PROCEDURAL · CONFIRMED

Issue a written eligible-dividend designation to the sole shareholder for the 2024 dividend, stating the payment date(s), the total dividend, and the portion designated eligible, and place a signed copy in the corporate minute book with a directors' resolution ratifying the designation.

Timing After Moves 1-3; must be in place before the amended T5 slips are filed (Move 6) and before the T1-ADJ (Move 7).

Authority Income Tax Act, RSC 1985, c 1 (5th Supp), s 89

Administrative execution step; governed by the cited procedure or instructions.

MOVE 6

• PROCEDURAL · CONFIRMED

On acceptance, file amended 2024 T5 slips and an amended T5 Summary moving the designated portion from the other-than-eligible dividend boxes to the eligible dividend boxes (actual amount, taxable amount at the 38% gross-up, and dividend tax credit), leaving the reserved non-eligible portion from Move 3 in the ordinary boxes.

Timing After CRA acceptance of the Move 5 request; before the T1-ADJ in Move 7 so the slip and the return agree.

Authority CRA Income Tax Folio S3-F2-C2, Taxable Dividends from Corporations Resident in Canada

Administrative execution step; governed by the cited procedure or instructions.

MOVE 7

• CPA TO CONFIRM

File a T1-ADJ (or ReFILE) for the owner's 2024 T1 recomputing the dividend gross-up at 38% on the designated portion and claiming the enhanced federal and Alberta dividend tax credits, with the amended T5 attached.

Timing After Move 6. The owner's 2024 T1 filing deadline (April 30, 2025) is closed as a filing date, but an individual's reassessment on request remains available under s. 152(4.2).

Authority CRA Income Tax Folio S3-F2-C2, Taxable Dividends from Corporations Resident in Canada

Authority caveat: the retrieved citation is secondary or administrative (a manual, publication, guide, folio, bulletin or form instruction), not primary law for this proposition, CPA to confirm against the governing statute or regulation directly.

NOT INDEPENDENTLY SUPPORTED

5 further steps in this sequence could not be independently supported by the citation gate (4 citations rejected, 1 with no authority retrieved). Listed for sequence completeness only; the CPA sources the governing authority before executing any of them.

Move 3 · Before fixing the split, reserve enough of the 2024 \$220,000 as a non-eligible (ordinary) dividend to absorb the \$12,600 non-eligible RDTOH balance shown on Schedule 3, approximately \$32,900 of non-eligible dividends at the 38...

Move 5 · File a written request with the CRA tax services office for a late eligible-dividend designation under s. 89(14.1) for the 2024 dividend, setting out that the corporation had ample GRIP, that the designation is being made within...

Move 8 · File a T2 amendment request for the 2024 T2 attaching the Schedule 53 GRIP continuity (and the 2023 schedule) so the pool is on the CRA's record, and open a standing GRIP working paper carried forward each year.

Move 9 · For 2026 and subsequent years, adopt a standing dividend protocol: before each dividend is paid, update the GRIP working paper, split the dividend between eligible (to the GRIP limit) and non-eligible (to absorb any non-eligible...

Move 10 · No Alberta-level designation or AT1 amendment is required for the eligible-dividend character; confirm only that the Alberta personal dividend tax credit flows automatically through the CRA-administered T1 for the 2024 adjustment.

IN PLAIN LANGUAGE · FOR THE CLIENT, ROUTED THROUGH YOU

Your company has paid enough tax at the higher general corporate rate over 2023 and 2024 to build up a pool that lets dividends come out of the company at a lower personal tax rate, but the 2024 dividends were paid without the paperwork that unlocks that lower rate. Your CPA could prepare the pool schedule, ask the CRA to accept a late designation for 2024 (the request window is still open, though acceptance is at the CRA's discretion), reissue the dividend slip and adjust your personal return. Going forward, your CPA could put a simple routine in place so the designation is signed on the day each dividend is paid.

STRUCTURE E8 · ENGINEERING MODE

EST. COMBINED IMPACT

Dividend refund on the non-eligible RDTOH balance (s. 129(1)) claimed by T2 amendment, and forward ordering of taxable dividends against RDTOH

\$12,600

Provisions s. 129(1), s. 129(4) 'non-eligible refundable dividend tax on hand', s. 123.3, s. 152(3.1)

Estimated impact **\$12,600**

One-time cash recovery of the 2024 non-eligible RDTOH balance of \$12,600, being the lesser of 38 1/3% of the \$220,000 of non-eligible dividends paid (\$84,333) and the \$12,600 NERDTOH pool. This is refundable tax accelerated, not a permanent tax saving: RDTOH is a timing amount that would be refunded whenever a sufficient non-eligible dividend is paid, so the permanent component is only the time value of receiving \$12,600 now rather than in a later year (roughly \$600 to \$800 a year at commercial rates).

The prospective annual ordering in Move 7 carries no additional dollars - it protects the same \$12,573-per-year amount from being pooled and is not counted twice. Alberta carries \$0: there is no provincial dividend refund.

Timeline 2 to 6 weeks to prepare Schedules 3 and 7 and submit the 2024 amendment request; CRA processing typically several months. Prospective annual ordering starts with dividends paid by December 31, 2026. Outside limit for the 2024 claim: approximately July 28, 2028, three years from an assumed July 28, 2025 NOA - confirm the actual NOA date.

Feasibility	high
Disclosure	T2 amendment request for 2024 (Represent a Client reassessment request), with Schedule 3 and Schedule 7 attached, Schedule 7 (aggregate investment income / AAll) - first-time filing for 2024, Schedule 23 association analysis with the spouse's rental corporation should be documented in the same file, since AAll and business limit interact, No RC312 - not a reportable or notifiable transaction, No AT1 amendment expected; Alberta has no dividend refund
CPA must validate	(1) The actual notice of assessment date for the 2024 T2 and the actual filing date, to confirm both the s. 129(1) three-year filing condition and the reassessment window close date. (2) The \$12,600 NERDTH per the filed Schedule 3 against the 30 2/3% refundable Part I tax on \$41,000 of aggregate investment income (approximately \$12,573) and the assessed 2023 closing RDTTH balance per CRA. (3) That the \$41,000 is aggregate investment income and that the 2024 dividends were in fact paid (not merely declared) in 2024 to a shareholder of record. (4) Whether the spouse's rental corporation is associated on the Schedule 23 analysis and, if so, the effect of its \$120,000 of net rental income on the group's AAll and on s. 129(6) characterization - this does not change the 2024 refund but affects the prospective years. (5) Whether the client intends to pursue a late eligible-dividend designation for 2024 against the untracked GRIP, which would compete with this claim for the same dividends.

Implementation moves

MOVE 1

• PROCEDURAL · CONFIRMED

Prepare the 2024 Schedule 7 (aggregate investment income / adjusted aggregate investment income) that is not currently attached: report the \$41,000 of GIC interest as aggregate investment income, compute the refundable portion of Part I tax at 30 2/3% ($\$41,000 \times 30.67\% = \text{approximately } \$12,573$) and carry that amount to the non-eligible refundable dividend tax on hand (NERDTH) area on page 7 of the T2. Reconcile the computed figure to the \$12,600 NERDTH already shown on the filed Schedule 3 and document any difference.

Timing First step; must be completed before the amendment request is submitted, and well inside the normal reassessment period ending approximately July 28, 2028, three years from an assumed July 28, 2025 NOA - confirm the actual NOA date.

Authority Income Tax Act, RSC 1985, c 1 (5th Supp), s 129

Administrative execution step; governed by the cited procedure or instructions.

MOVE 2

• VERIFIED

Complete/confirm the 2024 Schedule 3 in its taxable-dividends-paid portion: report \$220,000 of taxable dividends paid to the sole shareholder in 2024, none designated eligible, and carry the NERDTH balance of \$12,600 forward. Compute the s. 129(1) refund as the lesser of 38 1/3% of non-eligible dividends paid ($\$220,000 \times 38.333\% = \$84,333$) and the NERDTH balance (\$12,600); the refund is therefore \$12,600.

Timing Immediately after Move 1; both schedules travel with the amendment request in Move 4.

Authority Income Tax Act, RSC 1985, c 1 (5th Supp), s 129

MOVE 3

• VERIFIED

Document in the working papers that the 2024 T2 return was filed within 3 years after the December 31, 2024 year-end (filing due June 30, 2025), satisfying the opening condition of s. 129(1), and that the amendment request is being made within the normal reassessment period.

Timing Contemporaneous with Moves 1-2, before submission.

Authority Income Tax Act, RSC 1985, c 1 (5th Supp), s 129

MOVE 4

• PROCEDURAL · CONFIRMED

File a T2 amendment request for the 2024 taxation year (Represent a Client 'Request a reassessment' or a signed letter to the tax centre) claiming the dividend refund of \$12,600 on line 784, attaching the completed Schedule 3 and the newly prepared Schedule 7, with a covering memo showing the s. 129(1) lesser-of computation.

Timing	Any time now through approximately July 28, 2028, three years from an assumed July 28, 2025 NOA - confirm the actual NOA date. File early: the refund is cash and interest runs from assessment, not from the request.
Authority	CRA Guide T4012, T2 Corporation, Income Tax Guide, "T2 Corporation, Income Tax Guide, Chapter 6: Pages 6 and 7 of the T2 return"

Administrative execution step; governed by the cited procedure or instructions.

MOVE 5

• VERIFIED

Before making any late eligible-dividend designation on the 2024 dividends under s. 89(14.1) against the untracked GRIP, confirm the ordering consequence: the \$220,000 must remain non-eligible (in whole or at least to the extent of approximately \$32,900) for the s. 129(1)(a)(ii)(A) refund of the NERDTH pool to be released. Model both positions and choose one before either filing goes in.

Timing	Decision point that must precede Move 4 and any separate late-designation request; the two filings must not contradict each other.
Authority	Income Tax Act, RSC 1985, c 1 (5th Supp), s 129

MOVE 7

• VERIFIED

For 2026 and later years, size the owner's annual non-eligible dividend so that at least 3 x the year's NERDTH addition is paid out - on approximately \$41,000 of annual GIC interest the NERDTH addition is about \$12,573, so at least approximately \$32,800 of non-eligible dividends must be paid in the same calendar year to release it in full. Prepare Schedule 3 and Schedule 7 with the return each year and claim line 784 on the original filing rather than by later amendment.

Timing	Prospective: implement for the 2026 taxation year (dividends must be paid by December 31, 2026) and each year thereafter; the 2025 T2 should be reviewed on the same basis within its own reassessment window.
Authority	Income Tax Act, RSC 1985, c 1 (5th Supp), s 129

NOT INDEPENDENTLY SUPPORTED

1 further step in this sequence could not be independently supported by the citation gate (1 citation rejected, 0 with no authority retrieved). Listed for sequence completeness only; the CPA sources the governing authority before executing any of them.

Move 6 · Take no AT1 action: Alberta has no provincial dividend refund and the federal amendment changes no figure that feeds the AT1 (taxable income, Alberta allocation and the Alberta small business deduction are unchanged).

IN PLAIN LANGUAGE · FOR THE CLIENT, ROUTED THROUGH YOU

The company paid tax on its term-deposit interest, and part of that tax sits in a special account the government gives back once the company pays dividends to its owner. Dividends of \$220,000 were paid in 2024, which is far more than enough to release the whole \$12,600 balance, so your CPA could file an amended 2024 corporate return with the two supporting schedules to request that money back, and then set the yearly dividend so the refund is collected every year instead of building up.

This is money coming back sooner rather than a reduction in the total tax bill, and the request has to be made before the reassessment window for 2024 closes.

STRUCTURE E9 · ENGINEERING MODE

EST. COMBINED IMPACT

TOSI, restructure family dividends into excluded shares / excluded business / reasonable return

\$12,500

Provisions s. 120.4(1) "excluded shares", s. 120.4(1) "excluded business", s. 120.4(1.1), s. 120.4(3)

Estimated impact	\$12,500 Annual tax saved (permanent, not deferred), Canadian dollars. Assumes approximately \$80,000 of non-eligible dividends per year redirected from the founder to the 25-year-old employee child. Founder's marginal rate on non-eligible dividends at his stated income (\$95,000 salary plus \$220,000 non-eligible dividends) is the Alberta top non-eligible dividend rate of approximately 42.3%; the child, with \$84,000 of T4 income, absorbs the grossed-up dividend across the middle brackets at a blended non-eligible dividend rate of roughly 27%. Difference of roughly 15 points on \$80,000 is about \$12,500 per year. The same \$12,500 also measures the protective value defended against s. 120.4(2) applying the top rate to those dividends, so it is carried once here and not duplicated on the estate freeze structure, whose dollars are the lifetime capital gains exemption multiplication (carried there). Dividend quantum is an assumption, not a stated fact; recompute on actual declared amounts.
Timeline	6-9 months. Evidence file and revenue-source analysis in the fall of 2026; valuation and reorganization documents executed before December 31, 2026; first dividends declared to the child in 2026 or 2027 with the annual protocol running thereafter.
Feasibility	high
Disclosure	T2057 for the s. 85 election if the freeze is done by rollover (due on the earliest of the parties' filing due dates for the year of transfer), Schedule 15 beneficial ownership reporting if a family trust holds the new common shares, Form T1206 on any personal return where an amount is not an excluded amount, T5 slips and Schedule 3 dividend reporting for the new share classes, RC312 only if the reorganization has a hallmark under s. 237.3 / 237.4 (contingent fee, confidential protection, contractual protection), assess at engagement

CPA must validate

(1) The elder child's actual average weekly hours in each relevant year, from source records, against the 20-hour deeming test; (2) the percentage of GIFL revenue \$6.42M derived from the provision of services, which is expected to close off the excluded-shares route; (3) the spouse's age and the character and quantum of her rental corporation's income, plus the separate Schedule 23 association question with the operating company; (4) an independent fair market value for the freeze shares, with a price-adjustment clause; (5) that the retrieved authority set does not include s.

85, s. 86 or the T2057 instructions, so the freeze mechanics in Move 3 must be re-sourced to primary law before execution; (6) that no dividend-bearing share is issued to the 22-year-old while he is neither engaged in the business nor 25.

Implementation moves

MOVE 1

• VERIFIED

Before any share is issued, build the excluded-business evidence file for the 25-year-old field supervisor: pull his payroll history from the corporation (2024 T4 \$84,000 is already in the \$1.31M payroll), field tickets, dispatch logs, crew schedules and job descriptions for each taxation year he has worked, and prepare a signed memorandum showing average hours worked per week in each of those years. Target the 20-hours-per-week deeming test in s. 120.4(1.1)(a) and, failing that, the 'regular, continuous and substantial basis' facts.

Timing First step; complete during the 2026 calendar year and before any dividend is declared on shares issued to him. Records must be contemporaneous going forward (2026 onward maintained monthly).

Authority Income Tax Act, RSC 1985, c 1 (5th Supp), s 120.4

MOVE 2

• VERIFIED

Document the conclusion that the 'excluded shares' route is NOT the design basis for the elder child: the corporation's income is from well-completion services (coil tubing, pressure pumping, nitrogen), so the requirement that less than 90% of business income be from the provision of services is not expected to be met. Record this in the planning file so the whole structure is built on excluded business rather than share attributes, and so a family trust interposition (which independently defeats excluded shares, as those shares must be owned directly by the individual) is not treated as fatal.

Timing Concurrent with Move 1, before the share structure is drafted.

Authority Income Tax Act, RSC 1985, c 1 (5th Supp), s 120.4

MOVE 5

• VERIFIED

Prepare a written 'reasonable return' file as the backstop for any year in which the excluded-business record is thin: document the child's functions performed, assets contributed, risks assumed (including any personal guarantee), capital contributed and past compensation from the corporation, and compare his total dividend plus salary against arm's length compensation for a field supervisor role in the Alberta well-completion sector.

Timing Prepared before the first dividend is declared to him and refreshed annually at the time of each dividend resolution.

Authority Income Tax Act, RSC 1985, c 1 (5th Supp), s 120.4

MOVE 6

• VERIFIED

Address the spouse separately: analyse whether dividends from her rental corporation (net rental income \$120,000, funded by \$180,000 of rent from the operating company) are split income to her, and if so whether her 100% direct ownership of that corporation qualifies as excluded shares given that rental income is not income from the provision of services. Do not restructure the operating company's dividends to the spouse until this analysis is settled, and do not rely on the retirement exclusion.

Timing In parallel with Moves 1-5; must be resolved before any operating-company dividend is declared to the spouse.

Authority Income Tax Act, RSC 1985, c 1 (5th Supp), s 120.4

NOT INDEPENDENTLY SUPPORTED

4 further steps in this sequence could not be independently supported by the citation gate (3 citations rejected, 1 with no authority retrieved). Listed for sequence completeness only; the CPA sources the governing authority before executing any of them.

Move 3 · Reorganize the share capital: freeze the founder's common shares into fixed-value redeemable retractable preferred shares equal to current fair market value and issue a new class of participating common shares directly to the...

Move 4 · If a discretionary family trust is used to hold the child's common shares, ensure trust income allocations to him are made and documented as trust income derived from the related business, and confirm that a trust allocation...

Move 7 · Adopt a written annual dividend protocol: directors' resolutions declaring dividends by class on a stated date, a signed statement in the corporate minute book for each recipient identifying which s. 120.4 exclusion is relied on...

Move 8 · Calendar the founder's 65th birthday (2037 on stated age 54 in 2024) as the date the age-based exclusion opens for spousal dividends, and calendar the elder child's excluded-business five-year window so that any year he stops...

IN PLAIN LANGUAGE · FOR THE CLIENT, ROUTED THROUGH YOU

Your CPA could bring your older son in as a shareholder and support his dividends with proof that he already works full time in the business, which is what keeps those dividends taxed at his own rate instead of at the highest rate in the province. That means keeping real records of his hours and duties before any dividends are paid, and keeping your younger son out of the dividend stream for now since he does not work in the business and is under 25.

On the numbers assumed here it could save the family in the range of twelve thousand dollars a year, though the actual figure depends on how much is declared and on confirming the details.

STRUCTURE E10 · ENGINEERING MODE

EST. COMBINED IMPACT

Owner-manager salary vs dividend calibration (RRSP room, CPP, SBD, integration)

\$12,000

Provisions s. 125, s. 82(1), s. 121, s. 146(1) "earned income", s. 78(4), s. 67

Estimated impact	\$12,000 Annual TAX DEFERRED, not permanent tax saved, at the owner's actual combined Alberta marginal rate (top federal 33% plus the top Alberta bracket, roughly 47% on his 2024 stacked income of about \$348,000). Composed of: (a) roughly \$15,000 of new RRSP room per year created by moving salary from \$95,000 to the \$180,000-\$190,000 range, deducted at roughly 47%, about \$7,000 per year of deferral; (b) roughly \$5,000 per year of net rate arbitrage from calibrating the dividend mix, after the incremental employer and employee CPP cost on the higher salary (which is a real cash cost and reduces the gross figure). A one-time additional deferral of roughly \$55,000 arises from funding the existing \$118,000 of unused RRSP room at 47%; that is one-time, not annual, and is not in the \$12,000. The eligible-dividend rate differential on the 2024 and future distributions (roughly 8 percentage points) is carried on the GRIP / eligible-dividend-designation structure and is set to 0 here to avoid double counting. The decision NOT to bonus down to the \$500,000 limit preserves an existing deferral of roughly \$75,000 on \$312,000 of general-rate income; that is status quo, not a delta, and carries no dollars here.
Timeline	3-4 months for the 2026 year: model and rate confirmation in September 2026, payroll change effective with the November or December 2026 pay period, salary paid and remitted by December 31, 2026, RRSP funding by the 60-day 2027 deadline, GRIP schedule and any late 2024 eligible designation filed in parallel. The calibration then repeats annually each November.
Feasibility	high
Disclosure	T4 / T4 Summary and payroll remittances for the recalibrated 2026 salary (filing deadline end of February 2027), Schedule 53 (general rate income pool) to be prepared before any eligible dividend designation, Written eligible-dividend designation at the time of payment; s. 89(14.1) late designation request for the 2024 dividends, requiring the Minister's concurrence, Schedule 23 association analysis with the spouse's rental corporation before relying on a full \$500,000 business limit, Schedule 7 adjusted aggregate investment income (the \$41,000 of GIC interest) for the s. 125(5.1) business-limit test, T5 slips for any dividends to family members, only after the s. 120.4 TOSI analysis is documented

CPA must validate

Confirm the 2026 Alberta and federal corporate rates and the owner's 2026 personal bracket thresholds (the facts give 2024 income only); confirm the 2026 RRSP dollar limit and the 18% earned-income multiplier from CRA; confirm the 2026 CPP rates, YMPE and CPP2 ceiling (the Canada Pension Plan itself was not retrieved); confirm the \$118,000 of unused RRSP room against the current notice of assessment and whether an IPP pension adjustment would reduce it; compute the GRIP balance on Schedule 53 and the exact 2024 dividend payment dates before filing any s.

89(14.1) late designation; run the Alberta over-integration test under Alberta Corporate Tax Act s. 22.01 before designating eligible dividends; complete the Schedule 23 association analysis with the spouse's rental corporation and the Schedule 7 AAll computation, since both can change the amount that qualifies for the small business deduction; and obtain a s. 120.4 TOSI opinion (not in the retrieved authorities) before issuing shares or dividends to either child.

Implementation moves

MOVE 1

• VERIFIED

Before setting any 2026 remuneration, build a one-page integration model for the corporation at Alberta 2026 rates: active business income up to the \$500,000 business limit at the combined small-business rate (federal 9% under s. 125(1) plus Alberta 2% under Alberta Corporate Tax Act s. 22) and income above the limit at the combined general rate (federal 15% plus Alberta 8%), against the owner's actual personal marginal rate on his stacked income (2024 actuals: \$95,000 salary plus \$220,000 non-eligible dividends grossed up, roughly \$348,000 of taxable income, top federal 33% under s. 117(2) plus the top Alberta bracket). Model three columns: incremental salary, incremental non-eligible dividend, incremental eligible dividend.

Timing	First step; complete before the November 2026 payroll run so the December 2026 remuneration decision is made on numbers, not habit.
Authority	Alberta Corporate Tax Act, RSA 2000, c A-15, s 22

MOVE 2

• VERIFIED

Document the deliberate decision NOT to bonus 2026 taxable income down to the \$500,000 business limit. On roughly \$312,000 of general-rate income the corporation pays about 23% combined; a bonus paid to the owner would attract roughly 47% personally plus employer payroll cost. Retain the excess in the corporation, note the deferral in the file, and let the general-rate income build the general rate income pool for later eligible dividends.

Timing Decision recorded before December 31, 2026 (the accrual date any bonus would need); no bonus accrual entry is made.

Authority Alberta Corporate Tax Act, RSA 2000, c A-15, s 22

MOVE 6

• VERIFIED

Prepare Schedule 53 to compute the general rate income pool from the 2023 and 2024 general-rate income (approximately \$290,000 and \$312,000), then designate the corporation's dividends as eligible up to the GRIP balance going forward, and file the late designation request under s. 89(14.1) for the 2024 dividends within three years of the day the designation was first required.

Timing Prospective designations must be made in writing at the time each dividend is paid. The 2024 late designation is inside the three-year window today, but the facts do not state the 2024 dividend payment dates; confirm them before filing.

Authority Income Tax Act, RSC 1985, c 1 (5th Supp), s 89

MOVE 7

• VERIFIED

Before designating eligible dividends, test the Alberta over-integration tax: if the least of the s. 22 amounts exceeds the Alberta business limit in a year in which eligible dividends are paid, an addition to Alberta tax arises. Compute the adjustment and net it against the shareholder-level saving from the eligible designation.

Timing Immediately after Move 6's GRIP computation and before the first eligible dividend is declared.

Authority Alberta Corporate Tax Act, RSA 2000, c A-15, s 22.01

MOVE 8

• CPA TO CONFIRM

Confirm that the corporation's income remains active business income eligible for the small business deduction after the remuneration change, in particular that the well-completion operations are not a specified investment business and that no arrangement recharacterizes the owner's services as a personal services business. Document the nine-employee count and the operational facts on file.

Timing Annual confirmation, at the same time as the T2 is prepared.

Authority CRA Interpretation Bulletin IT-73R6, The Small Business Deduction

Authority caveat: the retrieved citation is secondary or administrative (a manual, publication, guide, folio, bulletin or form instruction), not primary law for this proposition, CPA to confirm against the governing statute or regulation directly.

NOT INDEPENDENTLY SUPPORTED

5 further steps in this sequence could not be independently supported by the citation gate (2 citations rejected, 3 with no authority retrieved). Listed for sequence completeness only; the CPA sources the governing authority before executing any of them.

Move 3 · Set the owner's 2026 T4 salary at the level that maximizes registered plan room rather than at the historical \$95,000: approximately \$180,000 to \$190,000 of salary generates the earned income needed to create the maximum RRSP...

Move 4 · Cost the incremental employer and employee CPP (including the second additional CPP contribution on earnings above the first earnings ceiling) on the salary increase from \$95,000 to the target, and net it against the deduction...

Move 5 · Fund the owner's \$118,000 of unused RRSP room using dividend cash already extracted (or the new salary), claiming the deduction against 2026 personal income.

Move 9 · Before any dividend is paid to the elder child (age 25, full-time field supervisor, T4 \$84,000) or to the younger child (age 22, not in the business), obtain a written TOSI analysis addressing the excluded business test...

Move 10 · If, after Moves 1 to 7, a portion of remuneration is best delivered as a bonus in a future year, accrue it at the December 31 year-end and pay it within 179 days of that year-end so the deduction is preserved; document the...

IN PLAIN LANGUAGE · FOR THE CLIENT, ROUTED THROUGH YOU

Right now the owner takes a modest paycheck and a large dividend, which means very little new retirement savings room is being created and the corporation is holding profits that were taxed at the higher corporate rate without the matching dividend treatment being tracked.

Your CPA could reset the 2026 pay mix so the paycheck is large enough to build maximum retirement plan room and support the planned pension, fund the \$118,000 of unused room already sitting there, and start tracking the pool that allows dividends to be paid at the lower personal dividend rate.

The likely result is several thousand dollars a year of deferred tax plus a sizeable one-time deferral from the unused room, though the extra Canada Pension Plan cost on the bigger paycheck has to be subtracted and the Alberta over-integration rule has to be checked first.

STRUCTURE E11 · ENGINEERING MODE

EST. COMBINED IMPACT

Individual pension plan for the 54-year-old owner-manager with past-service funding, built on a recalibrated salary/dividend mix

\$11,500

Provisions s. 1471, s. 20(1)(q), Reg. 8515 (designated plans), Reg. 8500-8520, s. 18(1)(o.1), s. 147.2

Estimated impact	\$11,500 ANNUAL CORPORATE TAX SAVED (largely a deferral, not a permanent saving). Estimated current-service IPP contribution for a 54-year-old at the recalibrated earnings level of roughly \$50,000 per year, deducted against corporate income above the \$500,000 small business limit at the Alberta/ federal general rate of 23% = approximately \$11,500 per year. Characterize as tax DEFERRED: the corporation deducts now and the owner is taxed on the pension when drawn. The one-time past-service contribution is NOT included in this figure because the year-by-year T4 history is not in the facts and the certifiable amount depends on the Reg. 8304(10) cap and the required qualifying transfer; it is deduction magnitude to be quantified by the actuary, deductible at the same 23%/11% corporate rates. The incremental personal tax and CPP cost of the salary recalibration in Move 2 is a cost against this figure and must be netted at the owner's actual 2026 marginal rate, which the facts do not establish. No dollars are carried here for the salary recalibration itself or for any dividend-policy change; those are carried on their own structures.
Timeline	4-8 months to registration and first funding: data package and actuarial design September-November 2026; plan text, resolution and registration application before December 31, 2026; incremental 2026 salary through payroll by December 31, 2026; PSPA certification and qualifying transfer in early 2027; contributions remitted by approximately April 30, 2027 (120 days after the December 31, 2026 year-end) to fall in the 2026 taxation year.
Feasibility	medium
Disclosure	Application for registration of a pension plan (s. 147.1) to CRA's Registered Plans Directorate, with plan text, funding agreement and actuarial report, PSPA certification request for the past service event (Reg. 8304) before any past-service contribution is remitted, T215 past service pension adjustment reporting and annual T4 pension adjustment reporting for the owner, T2033 direct transfer for the qualifying transfer from the owner's RRSP to the plan, Alberta pension supervisory registration or confirmation of the connected-person exemption, Amended T4/T4 Summary if the 2026 remuneration is adjusted after the slips are issued, Not a reportable or notifiable transaction on these facts (s. 237.3 / 237.4) - confirm no contingent-fee or confidential-protection hallmark in the actuary/adviser engagement

CPA must validate

(1) The owner's complete year-by-year T4 history with this corporation - the facts establish only \$95,000 of T4 salary for 2024, so the number of fundable past-service years is unknown; (2) the current RRSP deduction limit and unused room per the latest notice of assessment (the \$118,000 figure is as stated in the facts) and the owner's RRSP asset values available for a qualifying transfer; (3) the owner's actual 2026 personal marginal rate and other income, none of which the facts state, before concluding the salary recalibration is net-positive after CPP; (4) whether the corporation's income above the \$500,000 small business limit is sufficient in 2026 and later to absorb the deduction at 23% - the deduction cannot save more tax than is owed; (5) reasonableness of the increased salary for services rendered; (6) that the plan is a designated plan under Reg. 8515(1) and whether any Reg. 8515(3) exception or Reg. 8515(2) ministerial waiver is in play; (7) Alberta pension standards registration or exemption for a plan covering only a connected person; (8) the actual text of s. 1471 and the current registration filing package, which were not among the retrieved authorities; (9) whether adding the elder child (a full-time employee of the corporation) as a plan member changes the designated-plan analysis or the owner's funding room.

Implementation moves

MOVE 2

• VERIFIED

Recalibrate 2026 and later owner remuneration: run additional T4 salary through payroll before December 31, 2026 to raise the owner's pensionable earnings from the current \$95,000 level toward the actuary's target earnings base, remit the incremental CPP (employee and employer) and income tax source deductions, and reduce the non-eligible dividend draw by a corresponding gross amount. Model the net cost first: the corporate deduction is worth 11% on income inside the \$500,000 small business limit and 23% (15% federal + 8% Alberta) on income above it, against the owner's personal marginal rate plus both halves of CPP.

Timing

Payroll must be run in calendar 2026 (final regular pay run, or a December bonus paid in-year); T4 slips due end of February 2027. This move must precede or accompany plan registration so that 2026 counts as pensionable service.

Authority

Income Tax Act, RSC 1985, c 1 (5th Supp), s 1472

MOVE 3

• PROCEDURAL · CONFIRMED

Have the corporation adopt an IPP plan text and trust/funding agreement drafted by the actuary or pension counsel, pass the corporate resolution establishing the plan effective in 2026, and apply to CRA's Registered Plans Directorate for registration (application for registration of a pension plan, with plan text, funding agreement and actuarial report). Register concurrently with the Alberta pension supervisory authority or rely on the applicable exemption for a plan covering only a connected person, as counsel confirms.

Timing After Move 2 fixes the 2026 earnings, and early enough that registration is effective for the 2026 calendar year; contributions are deductible for the corporation's 2026 taxation year only if made in the year or within 120 days after December 31, 2026, i.e. by approximately April 30, 2027.

Authority Income Tax Act, RSC 1985, c 1 (5th Supp), s 1472

Administrative execution step; governed by the cited procedure or instructions.

MOVE 4

• VERIFIED

Instruct the actuary to prepare the actuarial valuation on the designated-plan maximum funding basis (prescribed interest, salary escalation and mortality assumptions) rather than on a going-concern basis of the actuary's own choosing, and to state separately the 2026 current-service contribution and the past-service liability for the pre-2026 years of recognized T4 service.

Timing Concurrent with Move 3; the valuation must accompany the registration application and must support the s. 147.2(2) recommendation.

Authority Income Tax Regulations, CRC, c 945, s 8515

MOVE 6

• VERIFIED

Remit the 2026 current-service contribution (and, once certified, the past-service contribution) from the corporation to the plan trustee, and claim the deduction on the 2026 T2 under s. 20(1) (q) within the s. 147.2(1) limits, with the same figure carried to the Alberta AT1 through the federal taxable income base.

Timing Contributions must be made in the corporation's 2026 taxation year or within 120 days after December 31, 2026 (on or about April 30, 2027) to be deductible for 2026; a contribution made later is deductible in 2027.

Authority Income Tax Act, RSC 1985, c 1 (5th Supp), s 1472

NOT INDEPENDENTLY SUPPORTED

3 further steps in this sequence could not be independently supported by the citation gate (3 citations rejected, 0 with no authority retrieved). Listed for sequence completeness only; the CPA sources the governing authority before executing any of them.

Move 1 · Assemble the owner's complete T4 employment-income history from the corporation (year-by-year pensionable earnings from the first year of employment to 2025) and his current RRSP deduction limit and unused room per the most...

Move 5 · Before any past-service contribution is made, file the past service pension adjustment certification request with CRA (PSPA certification, with the actuary's provisional PSPA computation) and arrange the qualifying transfer from...

Move 7 · Establish annual maintenance: actuarial valuation every three years (or on the schedule the plan and pension legislation require), an annual information return, T4 pension adjustment reporting for the owner each year, and an...

IN PLAIN LANGUAGE · FOR THE CLIENT, ROUTED THROUGH YOU

Your CPA could work with a pension actuary to set up a company pension plan just for you, funded by the business, which generally allows larger tax-deductible contributions than an RRSP once you are in your fifties. To make it work, more of what you take out of the company would have to come as salary instead of dividends going forward, and the plan can also be funded for past years you were on the company payroll, though that part uses up some of the RRSP room shown on your notice of assessment.

The company gets a deduction when it contributes and you are taxed later when you draw the pension, so this is mainly about shifting tax into retirement rather than eliminating it, and the actuary's numbers will determine what is actually fundable.

STRUCTURE E12 · ENGINEERING MODE

EST. COMBINED IMPACT

Corporate-owned exempt life insurance (funding buy-sell / estate liquidity; CDA on death)

\$11,500

Provisions

s. 89(1) "capital dividend account" para (d), s. 148, Reg. 306, s. 125(5.1)(b)

Estimated impact	\$11,500 Annual CORPORATE TAX SAVED, prospective from 2026, on two components. (1) Sheltered passive income: redirecting roughly \$600,000 of the stated \$1.2M GIC portfolio into the exempt policy removes roughly \$20,000 of annual interest from corporate investment income; at Alberta's CCPC investment-income rate of approximately 46.7% with roughly 30.67% refundable through RDTOH, the PERMANENT saving is approximately 16% of \$20,000, about \$3,200 per year, plus the deferral of the refundable portion until dividends are paid. (2) Small business deduction protection: with 2024 AAI of approximately \$41,000 the corporation is below the \$50,000 threshold, so no grind exists today; the protective value is the tax cost avoided if AAI grows past \$50,000, valued here at approximately \$8,300 per year (the Alberta combined general/SBD rate spread of roughly 12% applied to about \$70,000 of business limit that a further \$14,000 of AAI would otherwise grind away). This second figure is PROTECTIVE EXPOSURE-DEFENDED VALUE, not tax presently owing. The CDA credit on death (proceeds less adjusted cost basis flowing tax-free to the estate) is a ONE-TIME estate-level benefit potentially in the hundreds of thousands of dollars; it is deliberately NOT included in the annual figure because the death benefit amount is not established in the facts. Premiums are not deductible and are not netted here. If the estate-freeze structure is scored separately, the freeze carries the LCGE and share-value dollars; this structure carries only the insurance and passive-income dollars, with no overlap.
------------------	---

Timeline	9-18 months. Shareholders' agreement and freeze valuation in the first 3-6 months of 2026; underwriting and policy issue 3-6 months after that; first premium and first GIC redemption in the 2026 or 2027 taxation year. Ongoing annual monitoring thereafter. Nothing in this structure affects the 2024 T2, whose filing and election windows are closed.
----------	---

Feasibility	high
-------------	-----------------

Disclosure

T2054 capital dividend election, due when the capital dividend is paid or becomes payable (Folio S3-F2-C1; late election available with penalty), T2057 for the s. 85(1) estate freeze that sizes the insured amount, Schedule 3 / dividend and shareholder reporting on any redemption of the frozen preferred shares, Schedule 7 adjusted aggregate investment income computation, not attached to the 2024 return, required going forward to track the s.

125(5.1)(b) position, Schedule 23 association analysis with the spouse's rental corporation (net rental income \$120,000) before relying on a full \$500,000 business limit, RC312 only if a policy-financing or leveraged design is introduced that meets s. 237.3 / 237.4

CPA must validate

Read Reg. 306 and s. 148(9) directly; neither was retrieved, and both are load-bearing (exempt-test compliance and the adjusted cost basis subtraction in the CDA formula). Read s. 125(5.1)(b) directly and prepare a Schedule 7 AAll computation; the grind provision was not retrieved and no Schedule 7 was filed for 2024. Confirm the association question with the spouse's rental corporation on Schedule 23, since a shared business limit changes the entire SBD-protection value.

Obtain insurer written certification of exempt status and annual ACB reporting, and confirm the contract is neither a 10/8 policy nor an LIA policy as defined in s. 248(1). Confirm insurable interest and that no shareholder benefit arises under s. 15(1) from the corporation paying premiums. Confirm the estate is Canadian-resident at the relevant time, since capital dividends flow tax-free only to Canadian-resident shareholders.

Finally, model the policy's fair market value into the founder's deemed-disposition share value, and coordinate the redemption with a post-mortem plan (s. 164(6) versus pipeline) before committing to the redemption mechanic in the shareholders' agreement.

Implementation moves

MOVE 6

• PROCEDURAL · CONFIRMED

Instruct the insurer to provide an annual adjusted cost basis statement for the policy and record the ACB in the corporation's permanent tax file each year alongside a running CDA worksheet (no CDA computation is currently maintained; the 2024 return carried no capital dividend account schedule).

Timing Annually from the first policy year onward; the balance that matters is the ACB immediately before death, which in a level-cost design declines to nil over time.

Authority Income Tax Act, RSC 1985, c 1 (5th Supp), s 89

Administrative execution step; governed by the cited procedure or instructions.

MOVE 7

• VERIFIED

Confirm in writing that no policy loan is taken from, and no assignment of the policy is given to, the insurer or a lender as part of an investment-account leverage arrangement, and that no interest in the policy is transferred to a non-arm's-length policyholder.

Timing Standing condition for the life of the policy; re-confirm at each annual review.

Authority Income Tax Act, RSC 1985, c 1 (5th Supp), s 89

MOVE 8

• PROCEDURAL · CONFIRMED

On the founder's death, have the corporation receive the proceeds, add proceeds less the immediately-prior ACB to the capital dividend account, declare a capital dividend to the estate sufficient to fund the share redemption under the Move 1 agreement, and file Form T2054 with the required directors' resolution when the dividend becomes payable.

Timing The election must be filed on or before the day the capital dividend becomes payable or is paid; a late election is possible on the terms the Folio describes, with the associated penalty.

Authority CRA Income Tax Folio S3-F2-C1, Capital Dividends

Administrative execution step; governed by the cited procedure or instructions.

MOVE 9

• PROCEDURAL · CONFIRMED

Add the policy to the annual corporate tax file checklist: confirm exempt status certification, confirm the corporation remains owner and beneficiary, refresh the valuation supporting the insured amount, and reconcile the policy's fair market value into the founder's share-value estimate for estate planning.

Timing Every year at T2 preparation, beginning with the 2026 T2.

Authority Income Tax Act, RSC 1985, c 1 (5th Supp), s 148

Administrative execution step; governed by the cited procedure or instructions.

NOT INDEPENDENTLY SUPPORTED

5 further steps in this sequence could not be independently supported by the citation gate (3 citations rejected, 2 with no authority retrieved). Listed for sequence completeness only; the CPA sources the governing authority before executing any of them.

Move 1 · Before any policy is applied for, have counsel document the succession premise: a unanimous shareholders' agreement between the founder and (once shares are issued to the elder child, age 25, currently a T4 field supervisor at...

Move 2 · Fix the value to be insured: complete the contemplated estate freeze (s. 85(1) exchange of the founder's common shares for fixed-value preferred shares, Form T2057) and have a valuator set the freeze amount, then size the death...

Move 3 · Apply for a permanent policy on the founder's life (age 54) that is certified by the insurer as an exempt policy for purposes of the Act, and obtain the insurer's written confirmation of exempt-test compliance and annual...

Move 4 · Have the operating corporation apply as owner, premium payer and sole beneficiary of the policy on the founder's life.

Move 5 · Fund the annual premium by staged redemption of the \$1.2M of GIC term deposits currently held in the operating company rather than from new active-business cash, redirecting the capital from interest-bearing deposits (2024...

IN PLAIN LANGUAGE · FOR THE CLIENT, ROUTED THROUGH YOU

Your CPA could arrange for the company to buy and own a permanent life insurance policy on you, paid for by gradually moving money out of the company's term deposits, and pair it with a written buy-sell agreement so that when the time comes the company has the cash to buy your shares from your estate.

Because the money grows inside the policy instead of in taxable deposits, the company generally pays less tax on investment earnings each year, and keeping investment income low helps protect the lower small business tax rate. On death, most or all of the insurance proceeds can usually flow out to the estate tax free, which is what would cover the tax bill on the shares, though the exact amounts depend on the policy design and on the rules being satisfied every year.

STRUCTURE E13 · ENGINEERING MODE

EST. COMBINED IMPACT

Apprenticeship job creation tax credit (10% of eligible apprentice wages)

\$5,000

Provisions	s. 127(9) "apprenticeship expenditure", s. 127(9) "eligible apprentice", s. 127(5)
Estimated impact	\$5,000 Annual TAX SAVED, approximate. Ceiling is \$2,000 per eligible apprentice under paragraph (a) of the 'apprenticeship expenditure' definition in s. 127(9), so three qualifying apprentices give a maximum \$6,000 non-refundable credit per year, reduced to roughly \$5,000 net after the following-year income inclusion attributable to the credit deducted against wage expense (at an Alberta CCPC combined rate of about 11% on small-business income and about 23% above the business limit). The 2025 amount is a one-time recovery of the same order via T2 amendment (open to June 30, 2027); 2026 and later are recurring. The 2024 credit is LOST, the prescribed-form window closed June 30, 2026, and carries no dollars here. Actual value depends entirely on each apprentice's contract registration date, which the facts do not state; if only two of the three are inside the 24-month window, the figure falls to roughly \$3,300.

Timeline Document gathering September-October 2026; 2025 T2 amendment request filed well before the hard June 30, 2027 prescribed-form deadline; 2026 payroll coding in place before December 31, 2026; 2026 Schedule 31 filed with the 2026 T2 by June 30, 2027.

Feasibility high

Disclosure Schedule 31 / Form T2038, prescribed form for the investment tax credit; 2025 deadline June 30, 2027 (open), 2024 deadline June 30, 2026 (closed), T2 amendment request for the 2025 taxation year, Schedule 23 association agreement, required if the spouse's rental corporation is associated and the \$2,000 per-apprentice cap must be allocated, No RC312 reportable/notifiable transaction exposure identified for this structure

CPA must validate (1) The registration date, trade designation and Red Seal status on each apprentice's provincial apprenticeship contract, and whether each remains inside the first 24 months in 2025 and 2026. (2) The full text of the s. 127(9) definitions of 'apprenticeship expenditure' and 'eligible apprentice', the retrieved set contains only the s. 127(8.1) cross-reference to those definitions [3], not the definitions themselves, and the retrieved T4012 excerpt [1] deals with the clean-economy apprenticeship LABOUR REQUIREMENTS in s. 127.46, which are a different rule and are not authority for this credit. (3) The 3-year carryback / 20-year carryforward and the s. 12(1)(t) following-year income inclusion, neither of which is in the retrieved authorities.

(4) Whether any provincial or federal wage subsidy was received for these apprentices, which reduces eligible salary and wages. (5) Whether the spouse's rental corporation is associated, which would require an allocation of the per-apprentice cap. (6) The actual notice-of-assessment date for 2024 if any carryback is directed there, since the July 28, 2028 close is derived from an assumed July 28, 2025 NOA.

Implementation moves

MOVE 1

• PROCEDURAL · CONFIRMED

Pull from Alberta Apprenticeship and Industry Training (Skilled Trades and Apprenticeship Education) the registered apprenticeship contract for each of the three apprentices (the two heavy-duty equipment technician apprentices and the welder apprentice): trade designation, contract registration date and current period. Build a schedule showing, for each apprentice, the exact calendar months of 2025 and 2026 that fall inside the FIRST 24 MONTHS of the apprenticeship contract in a prescribed Red Seal trade. The facts do not state any contract start dates, so this is a document-gathering step, not a computation.

Timing Immediately (September 2026), before any 2025 T2 amendment request is drafted; must precede Moves 2-4.

Authority Income Tax Act, RSC 1985, c 1 (5th Supp), s 127

Administrative execution step; governed by the cited procedure or instructions.

MOVE 2

• VERIFIED

For each eligible apprentice, compute the 2025 apprenticeship expenditure as the LESSER of (i) \$2,000 and (ii) 10% of the eligible salary and wages payable in 2025 for the portion of the employment inside the first 24 months (excluding profit-sharing, bonuses and taxable benefits from 'eligible salary and wages'), then reduce for any government or non-government assistance received in respect of those wages (for example a provincial apprenticeship wage subsidy). Total the result, the theoretical ceiling with three qualifying apprentices is \$6,000 for the year.

Timing After Move 1, before the 2025 T2 amendment request is filed; must be completed well inside the June 30, 2027 prescribed-form deadline.

Authority Income Tax Act, RSC 1985, c 1 (5th Supp), s 127

MOVE 3

• PROCEDURAL · CONFIRMED

File a T2 amendment request for the 2025 taxation year (year-end December 31, 2025) adding Schedule 31 / Form T2038 with the apprenticeship job creation tax credit computed in Move 2. This is the live recovery item: the prescribed-form deadline for a 2025 investment tax credit is June 30, 2027 and is OPEN today.

Timing	File before June 30, 2027 (one year after the 2025 filing-due date, s. 127(9) 'investment tax credit' paragraph (m)). Do not defer to the 2026 return.
Authority	CRA Guide T4012, T2 Corporation, Income Tax Guide, "T2 Corporation, Income Tax Guide, Chapter 7: Page 8 of the T2 return"

Administrative execution step; governed by the cited procedure or instructions.

MOVE 5

• PROCEDURAL · CONFIRMED

Record as a fact in the file that the 2024 apprenticeship job creation tax credit is not recoverable: the prescribed-form deadline for a 2024 investment tax credit was June 30, 2026 and has passed, and a closed ITC window is not reopened by the open normal reassessment period. Do not include a 2024 apprenticeship amount in any amendment request.

Timing	Now, as part of documenting the engagement scope.
Authority	CRA Guide T4012, T2 Corporation, Income Tax Guide, "T2 Corporation, Income Tax Guide, Chapter 7: Page 8 of the T2 return"

Administrative execution step; governed by the cited procedure or instructions.

NOT INDEPENDENTLY SUPPORTED

3 further steps in this sequence could not be independently supported by the citation gate (2 citations rejected, 1 with no authority retrieved). Listed for sequence completeness only; the CPA sources the governing authority before executing any of them.

Move 4 · Apply the 2025 credit against 2025 Part I tax under s. 127(5).

Move 6 · Institute a standing payroll flag: code each registered apprentice in the payroll system with trade, contract registration date and the 24-month expiry date, and produce a year-end apprentice wage report.

Move 7 · Prospectively, register newly hired field technicians and welders in the Alberta apprenticeship program at hire (rather than after a probation period) so that the first 24 months of eligible wages fall inside the employment...

IN PLAIN LANGUAGE · FOR THE CLIENT, ROUTED THROUGH YOU

Your company employs three registered apprentices, and there is a federal credit worth up to \$2,000 a year for each apprentice during their first two years of training. That credit was not claimed, and the filing window for the 2024 year has now passed, but your CPA could still add the claim to the 2025 corporate return and build it into the 2026 return and every year after, provided the apprenticeship registration papers show each person is still inside their first 24 months.

The likely value is a few thousand dollars of corporate tax a year, and it costs nothing but the paperwork to gather the registration contracts and tag the apprentices in payroll.

STRUCTURE E14 · ENGINEERING MODE

Alberta AT1 synchronization, every federal T2 adjustment, loss carryback and credit mirrored to TRA

Provisions	Alberta Corporate Tax Act Part 9 (returns, assessments, refunds), Alberta Corporate Tax Act s. 22 (small business deduction), ITA s. 111
Estimated impact	Not quantified Zero by design, not by absence of value. This is a mirroring/synchronization structure: the federal AND Alberta value of every deduction, loss carryback and credit is carried ONCE, at the combined federal-plus-Alberta rate, on the structure that creates the item (the CCA/All structure, the association analysis, the future SR&ED and clean-economy ITC claims). Carrying dollars here as well would double-count. The value delivered here is protective: it prevents an Alberta figure from diverging from the federal figure and prevents an Alberta relief window from lapsing unused. No standalone tax saved, deferred or deduction magnitude is attributed to this structure.
Timeline	2-6 weeks to set up and document; then ongoing at each year-end close. The 2024 Alberta Innovation Employment Grant file note should be dated before September 30, 2026; the 2024 Alberta reassessment window closes three years after TRA's own 2024 notice of assessment date, which must be confirmed from the notice.

Feasibility	high
Disclosure	Amended AT1 filed by TRA net file for each mirrored federal adjustment, Written notification to TRA under Alberta Corporate Tax Act s. 41(1.1) with the CRA s. 220(3.2) acceptance attached, where a late/amended election is used (s. 220(3.5) penalty applies federally), AT1 Schedule 29 (Innovation Employment Grant), 2024 grant computes to nil; document rather than file, AT1 Schedule 10 / loss continuity for any future Alberta loss carryback, No RC312 exposure identified: no reportable or notifiable transaction (s. 237.3 / 237.4) arises from a synchronization filing
CPA must validate	(1) the actual date TRA sent the 2024 AT1 notice of assessment, which fixes the Alberta three-year reassessment close, and the actual federal NOA date behind the approximately July 28, 2028 federal close; (2) that the corporation has no permanent establishment outside Alberta, so the Schedule 5 / small business allocation factor is 100% Alberta; (3) that the corporation does not report in functional currency and is not otherwise excluded from mandatory net filing; (4) that the 2023 and 2024 eligible expenditure records are sufficient to compute the Innovation Employment Grant base amount for 2025 and 2026; (5) whether any association with the spouse's rental corporation changes the business limit used in the Alberta s. 22 deduction, which would need mirroring under this procedure but whose dollars are carried on the association structure.

Implementation moves

MOVE 1

• PROCEDURAL · CONFIRMED

Pull the corporation's Alberta corporate account number (CAN, same as the Corporate Access Number on the Certificate of Incorporation) and the TRA notice of assessment for the 2024 AT1, and diarize the Alberta normal reassessment period separately from the federal one. Alberta's three-year clock (CCPC) runs from the day TRA sent its own AT1 notice of assessment, which the facts do not state; do not assume it matches the federal clock (federal close approximately July 28, 2028, three years from an assumed July 28, 2025 NOA, confirm the actual NOA date).

Timing	First step, before any federal amendment request is drafted; do now (2026).
Authority	Alberta Tax and Revenue Administration, "Alberta Corporate Tax Act information circular CT-3: corporate income tax assessments, audits and dispute resolution" (alberta.ca)

Administrative execution step; governed by the cited procedure or instructions.

MOVE 3

• PROCEDURAL · CONFIRMED

For every federal 2024 T2 amendment request that is actually submitted (for example a revised discretionary CCA claim in Class 8, 10 or 50 within the federal normal reassessment period), prepare a matching amended AT1 for 2024 and file it electronically through TRA net file, attaching a covering schedule that reconciles each changed line to the corresponding federal change. Do not file the amended AT1 before the federal adjustment is submitted, so the Alberta filing and the federal request carry identical figures.

Timing Same week as, or immediately after, each federal T2 amendment request; and in every case inside the Alberta normal reassessment period identified in Move 1.

Authority Alberta Tax and Revenue Administration, "Corporate income tax" (alberta.ca)

Administrative execution step; governed by the cited procedure or instructions.

MOVE 4

• VERIFIED

Where a federal late, amended or revoked election is accepted by the Minister under s. 220(3.2) (Reg. 600-listed elections only, with the s. 220(3.5) penalty), notify TRA in writing with a copy of the CRA acceptance and request the consequential Alberta reassessment; do not rely on the ordinary Alberta reassessment period for these items.

Timing Only after CRA has accepted the federal late/amended election; no Alberta step until acceptance is in hand.

Authority Alberta Corporate Tax Act, RSA 2000, c A-15, s 41

MOVE 5

• VERIFIED

If a non-capital loss arises in a future year (2026 or later) and is carried back federally on Schedule 4 / Form T1A logic within the federal normal reassessment period of the receiving year, file a matching Alberta loss carryback request (AT1 Schedule 10 / amended AT1) so the same s. 111 deduction reduces Alberta taxable income for the receiving year. Track the Alberta receiving-year window independently.

Timing Contingent and prospective; triggered only when a loss year occurs. The 2022 non-capital loss of \$148,000 was fully applied in 2023 and no carryforward remains, so there is nothing to mirror for 2024 today.

Authority Alberta Corporate Tax Act, RSA 2000, c A-15, s 43

MOVE 6

• VERIFIED

Close the 2024 Alberta Innovation Employment Grant file with a memo rather than a Schedule 29 claim: the AT1 Schedule 29 date for 2024 remains open through September 30, 2026, but the grant is computed on the federal SR&ED qualified expenditure pool, and no T661 was filed by the June 30, 2026 federal deadline, so the 2024 grant computes to nil. Preserve the 2023 and 2024 eligible expenditure records because they set the base amount for the 2025 and 2026 grant computations whether or not a claim was filed for those years.

Timing Document before September 30, 2026 so the open Alberta date is dealt with on the record; base-amount records retained for the 2025 and 2026 AT1 filings.

Authority Alberta Corporate Tax Act, RSA 2000, c A-15, s 41

NOT INDEPENDENTLY SUPPORTED

2 further steps in this sequence could not be independently supported by the citation gate (2 citations rejected, 0 with no authority retrieved). Listed for sequence completeness only; the CPA sources the governing authority before executing any of them.

Move 2 · Confirm the 2024 Alberta filing position is internally consistent with the federal T2 as filed: Alberta taxable income computed under the federal rules as applied by the Alberta Corporate Tax Act, the s. 22 Alberta small...

Move 7 · For the 2026 taxation year and forward, set the file to mandatory AT1 net filing and adopt a standing close procedure: no federal T2 or amendment is released until the AT1 for the same year has been prepared from the identical...

IN PLAIN LANGUAGE · FOR THE CLIENT, ROUTED THROUGH YOU

Alberta assesses your corporation separately from Ottawa, on its own return and its own clock. Your CPA could put a simple rule in place so that any change made to the federal return for a year is filed with Alberta at the same time and on the same numbers, and so the Alberta deadlines are tracked on their own calendar rather than assumed to match the federal ones. On its own this does not create a new saving; it protects the savings the other planning items produce by making sure the province recognizes them too.

Cross-Structure Interactions

Conflicts and synergies across the engineering structures identified above.

Conflicts

Clean technology ITC plus 100% first-year CCA × CCA class review of the electric-drive frac pump set

• REDUCES

The s. 12745 credit reduces capital cost under s. 13(71), shrinking the CCA base the class review claims.

Resolution Model CCA net of the credit and claim only one clean-economy ITC per property (s. 12744-12749).

CCA class review of the electric-drive frac pump set × Clean technology ITC plus 100% first-year CCA

• COMPLICATES

Reclassifying the 2024 pump set to Class 43.1/43.2/56 does not revive the 2024 Schedule 31 credit, closed June 30, 2026.

Resolution Treat the 2024 reallocation as CCA-only; carry credit value on 2025 property inside the June 30, 2027 window.

Holding company on a s. 85 rollover × s. 86 estate freeze with a discretionary family trust

• COMPLICATES

Moving GICs and inserting a Holdco can disturb the 50%-throughout-24-months and 90%-at-time tests for the freeze shares.

Resolution Purify first, then let 24 months run before any LCGE-triggering disposition; test both entities' asset mixes.

s. 86 estate freeze with a discretionary family trust × TOSI restructure into excluded shares / excluded business

• REDUCES

Shares held through a discretionary trust cannot be excluded shares, so trust dividends to the children stay in TOSI.

Resolution Rely on the excluded-business test for the 25-year-old employee; consider direct share issuance for the younger child.

s. 86 estate freeze with a discretionary family trust × Owner-manager salary vs dividend calibration

• **COMPLICATES**

A freeze benefiting a spouse or minor-linked interests can trigger s. 74.4 imputed interest on the frozen value.

Resolution Exclude the spouse as a beneficiary or use the small business corporation exception; document 90% active-asset status.

Holding company on a s. 85 rollover × Late eligible-dividend designation on the 2024 dividends

• **COMPLICATES**

Intercompany dividends of surplus need safe income support and interact with GRIP and RDTOH ordering.

Resolution Compute safe income on hand and Schedule 53 GRIP before any Holdco dividend; file Schedule 53 with the amendment.

Dividend refund on the non-eligible RDTOH balance × Late eligible-dividend designation on the 2024 dividends

• **REDUCES**

Non-eligible RDTOH is refunded only by non-eligible dividends, so designating the 2024 payment eligible can strand the refund.

Resolution Designate only the portion exceeding what is needed to trigger the non-eligible RDTOH refund.

Individual pension plan for the owner-manager × Owner-manager salary vs dividend calibration

• **COMPLICATES**

IPP past-service and current-service funding depend on T4 salary levels that a dividend-heavy mix would eliminate.

Resolution Set salary first at a level supporting IPP, RRSP room and CPP, then dividend the residual.

Individual pension plan for the owner-manager × Retirement compensation arrangement

• **REDUCES**

An RCA on top of an IPP layers a 50% refundable tax account on funding the IPP already covers.

Resolution Defer the RCA until IPP room is exhausted or a sale bonus arises; do not implement both in 2026.

Holding company on a s. 85 rollover × Corporate-owned exempt life insurance

• COMPLICATES

Insurance held in Opco adds passive assets while the Holdco structure exists to strip them out.

Resolution Choose one policyholder, usually Holdco, and align beneficiary designation with the buy-sell and CDA credit.

Holding company on a s. 85 rollover × Alberta AT1 synchronization

• COMPLICATES

New corporations plus the spouse's rental corporation require a Schedule 23 and AT1 association review.

Resolution Complete the association and s. 129(6) deemed-active-rent analysis before incorporating anything.

s. 86 estate freeze with a discretionary family trust × Alberta AT1 synchronization

• COMPLICATES

Freeze and rollover steps may be reportable or notifiable transactions under s. 237.3/237.4.

Resolution Screen each step for hallmarks and file RC312 where required, within the statutory deadline.

Rebuild the development programme as SR&ED for 2026+ × Clean technology ITC plus 100% first-year CCA

• REDUCES

The same electrification engineering costs cannot fund both a capital-cost ITC and an SR&ED expenditure claim.

Resolution Segregate experimental development labour from capitalized equipment cost in the project accounting.

Rebuild the development programme as SR&ED for 2026+ × Alberta AT1 synchronization

• REDUCES

Comparable 2023-2024 development spend sets the Alberta base, so most of a same-scale pool earns 8%, not 20%.

Resolution Compute the s. 26.95 base from prior-year eligible expenditures incurred and model the grant at the blended rate.

Synergies

Apprenticeship job creation tax credit + Alberta AT1 synchronization

The 2025 Schedule 31 apprentice claim is live through June 30, 2027 and mirrors to the AT1 with no new spend.

Additional value **unquantified, directional only**

Owner-manager salary vs dividend calibration + Individual pension plan for the owner-manager

A calibrated salary creates the T4 base that supports IPP past-service funding and RRSP room simultaneously.

Additional value **unquantified, directional only**

Holding company on a s. 85 rollover + s. 86 estate freeze with a discretionary family trust

Purification for the passive-income grind also restores the 90%/50% asset tests the LCGE multiplication needs.

Additional value **unquantified, directional only**

Clean technology ITC plus 100% first-year CCA + Rebuild the development programme as SR&ED for 2026+

The same electrification programme documents both the credit property and the technological uncertainty narrative.

Additional value **unquantified, directional only**

Dividend refund on the non-eligible RDTOH balance + Alberta AT1 synchronization

The federal amendment inside the open reassessment period is mirrored to TRA in one filing cycle.

Additional value **unquantified, directional only**

Sequencing recommendation

Do the open-window recovery items first: the RDTOH dividend refund and the CCA class reallocation by T2 amendment request, plus the late s. 89(14.1) eligible-dividend designation with Schedule 53 GRIP on file, all inside the reassessment period ending approximately July 28, 2028, three years from an assumed July 28, 2025 NOA, confirm the actual NOA date; order the pool work so the non-eligible RDTOH refund is preserved before any eligible designation.

Next, before June 30, 2027, file or amend the 2025 Schedule 31 for the apprenticeship credit and any 2025 clean technology property. Then, for 2026, set the salary/dividend mix, fund the IPP off that salary, and build contemporaneous SR&ED records so the T661 lands within 18 months of the 2026 year-end with the Alberta Schedule 29 behind it. Only after the Schedule 23 association and s. 129(6) rental analysis is complete should the Holdco rollover and purification proceed; let 24 months run before the s.

86 freeze and trust so the QSBC tests are clean, screen every reorganization step for s. 237.3/237.4 disclosure, and defer the RCA and the insurance policyholder decision until the Holdco exists.

Overall recommendation

Prioritize the open-window T2 amendment items and the 2025 Schedule 31 filings, since they are recoveries with fixed deadlines and no structural risk. Sequence the Holdco, freeze and trust last, because their preconditions depend on purification, association analysis and the 24-month QSBC clock.

Playbook Coverage: Every Strategy Checked

44 cataloged strategies were in scope for this client profile; each was explicitly dispositioned

How to read the dispositions

• COVERED	Substantively covered by a structure already presented in Section 2.
• APPLICABLE NOW	Current facts already satisfy the predicates; analyzed and priced as its own structure in Section 2.
• ENGINEERABLE	The qualifying facts could realistically be created (an election, a restructuring, timing); appears in Section 2 with its implementation path.
• NEEDS FACTS	The return package does not contain what is needed to decide; listed so the CPA can close the gap with one client question.
• NOT APPLICABLE	The client's facts rule it out; shown so the exclusion is a decision, not an oversight.
• WARNING	A structure on the CRA listed / notifiable-transaction and enforcement roster. Never recommended — flagged so the CPA can act if the client already holds it or is being pitched it.

APPLICABLE NOW	Alberta AT1 synchronization, every federal T2 adjustment, loss carryback and credit mirrored to TRA Every federal recovery item being pursued (RDTOH refund, GRIP/eligible-dividend designation, CCA class reallocation) needs a corresponding AT1 amendment to Alberta TRA, but per the de-duplication rule this mirroring carries no incremental dollar value of its own.
ENGINEERABLE	Owner-manager salary vs dividend calibration (RRSP room, CPP, SBD, integration) Taxable income (\$812,000) exceeds the \$500,000 business limit and the owner takes only \$95,000 salary plus \$220,000 dividends, so the salary/bonus/dividend mix can still be recalibrated prospectively alongside the planned IPP funding.
ENGINEERABLE	Apprenticeship job creation tax credit (10% of eligible apprentice wages) Two Red Seal apprentices and a welder apprentice are on payroll, but the 2024 Schedule 31 window closed June 30, 2026, so the credit must be rebuilt for 2025/2026 wages while those apprentices remain within their first 24 months.
ENGINEERABLE	TOSI, restructure family dividends into excluded shares / excluded business / reasonable return Bringing the 25-year-old field-supervisor child in as a shareholder under the planned freeze/trust can be structured with excluded-shares or excluded-business support given his full-time T4 employment in the business.

ENGINEERABLE	Corporate-owned exempt life insurance (funding buy-sell / estate liquidity; CDA on death) The planned estate freeze and eventual buy-in by the elder child create a foreseeable liquidity/buy-sell need that corporate-owned exempt insurance could fund, though no policy or agreement exists yet.
ENGINEERABLE	Retirement compensation arrangement (RCA) for supplemental executive retirement funding With owner income of \$812,000 well above IPP/RRSP limits and the IPP already planned, a supplemental RCA could be layered in for the 54-year-old owner-manager going forward.
COVERED	CCA as a discretionary deduction, class review, All / immediate expensing, timing Covered by: Capital cost allowance class review of the \$1.9M electric-drive frac pump set. The discretionary CCA question for this client is driven entirely by the frac pump's class reallocation, which the CCA class review structure already addresses; no loss year exists to warrant deferring CCA elsewhere.
COVERED	Alberta 8% bracket and highest basic personal amount, family salaries and TOSI-compliant dividends Covered by: s. 86 estate freeze with a discretionary family trust. The only family members available for income-splitting (the two adult children) are already the subject of the planned freeze/trust structure, which resolves the TOSI-compliant allocation question; the spouse runs her own corporation and is not a low-income candidate.
COVERED	RDTOH, recover refundable tax by paying taxable dividends (eligible / non-eligible ordering) Covered by: Dividend refund on the non-eligible RDTOH balance. The \$12,600 non-eligible RDTOH refund via T2 amendment is already the planned structure for this exact fact pattern.
COVERED	GRIP tracking and eligible-dividend designation Covered by: Late eligible-dividend designation on the 2024 \$220,000 under s. 89(141). GRIP tracking and the eligible-dividend designation for the \$220,000 paid in 2024 are the exact already-planned late-designation structure.
COVERED	Passive-income grind management (\$50,000 AAI threshold) Covered by: Holding company on a s. 85 rollover. The \$1.2M of GICs generating \$41,000 of interest and the s. 125(51) grind exposure are already addressed by moving the passive portfolio into a holding company.
COVERED	SR&ED claim, 35% refundable ITC for a CCPC plus the s. 37 pool Covered by: Rebuild the development programme as a documented SR&ED claim for 2026+. The 2024 SR&ED window is closed and the scan already plans the 2026+ rebuild of the same development programme at the enhanced 35% rate.
COVERED	Individual pension plan for an owner-manager over 40 (past-service funding, corporate deduction) Covered by: Individual pension plan for the 54-year-old owner-manager with past-service funding. The scan already plans an IPP for the same 54-year-old owner-manager built on a recalibrated salary/dividend mix.

COVERED	Estate freeze (s. 86 / s. 85 / s. 51) with a discretionary family trust Covered by: s. 86 estate freeze with a discretionary family trust. The scan already plans the identical s. 86 freeze with a discretionary family trust for the owner and two adult children.
COVERED	Clean technology investment tax credit (s. 127.45, 30% refundable) Covered by: Clean technology ITC (s. 127.45, 30% refundable) plus 100% first-year CCA on the \$2.6M 2025-2026 electrification and battery-storage spend. the 2025-2026 electric-drive equipment and battery storage spend is already the subject of the planned clean technology ITC structure. (the scan structure that first claimed this strategy did not pass the citation gate; re-dispositioned against the surviving structures)
COVERED	Alberta Innovation Employment Grant (8% base / 20% incremental on SR&ED-type spend, claimed on the AT1) Covered by: Rebuild the development programme as a documented SR&ED claim for 2026+ paired with the Alberta Innovation Employment Grant. the Alberta grant is already paired with the prospective SR&ED rebuild structure for 2026 and later years since the 2024 T661 window is closed. (the scan structure that first claimed this strategy did not pass the citation gate; re-dispositioned against the surviving structures)
COVERED	Holding company, creditor-proofing surplus with s. 85 / s. 112(1) / s. 55(2) safe income Covered by: Holding company on a s. 85 rollover. The already-planned holdco rollover for the \$1.2M GICs is exactly this creditor-proofing/purification structure.
COVERED	Lifetime capital gains exemption, QSBC qualification, purification and multiplication Covered by: s. 86 estate freeze with a discretionary family trust. LCGE qualification, purification via the holdco and multiplication across family members is already built into the planned freeze/trust structure.
COVERED	Manufacturing & processing: Class 53 / immediate expensing and Class 43.1/43.2 clean-energy CCA Covered by: Capital cost allowance class review of the \$1.9M electric-drive frac pump set. the same 2024 electric-drive frac pump set is already being reviewed for reallocation from Class 8 into the accelerated clean-energy classes, and well-completion services is not manufacturing or processing so Class 53 itself does not apply to this business. (the scan structure that first claimed this strategy did not pass the citation gate; re-dispositioned against the surviving structures)
COVERED	Intergenerational business transfer under s. 84.1(2.31)/(2.32) (LCGE on a sale to the child's corporation) Covered by: s. 86 estate freeze with a discretionary family trust. The elder child's future ownership and LCGE monetization is already the route being engineered through the freeze/trust rather than a separate s. 84.1(2.31) sale to the child's holdco.
COVERED	Safe-income intercorporate dividends (s. 55(2)) and the paragraph 55(3)(a) related-party exception Covered by: Holding company on a s. 85 rollover. Safe-income dividend planning only becomes relevant once the opco-to-holdco dividend flow exists, which is precisely the rollover/purification structure already planned.

WARNING	CAUTION, loss trading with an unrelated party around acquisition-of-control rules Listed/enforcement-target structure, surfaced as risk warning only, never recommended.
WARNING	CAUTION, incorporating an employee relationship (personal services business) to access the small business rate Listed/enforcement-target structure, surfaced as risk warning only, never recommended.
NOT APPLICABLE	Year-end bonus accrual (deductible if paid within 179 days) The corporation has a calendar (December 31) year-end so there is no personal-tax deferral available from the 179-day bonus-payment rule, and the 2024 accrual window is closed regardless.
NOT APPLICABLE	Small business deduction, business-limit allocation among associated corporations and the grinds The facts state no associated corporations are identified on Schedule 23 despite the spouse's rental corporation, so the shared business-limit allocation issue does not arise on the established facts.
NOT APPLICABLE	Capital loss harvesting, three-year carryback and superficial-loss avoidance The corporation holds only GIC term deposits (interest income, not capital property) and no portfolio of shares or other capital assets with unrealized losses is stated.
NOT APPLICABLE	Non-capital and net capital loss carryback (three years) and streaming The 2022 non-capital loss of \$148,000 was already fully applied against 2023 income and there is no current loss year or unused loss balance to carry back.
NOT APPLICABLE	Capital dividend account, elect tax-free capital dividends (T2054) No capital gains, life insurance proceeds or capital dividends received are stated, so there is no CDA balance to elect on.
NOT APPLICABLE	Shareholder loan management (s. 15(2) one-year repayment, s. 80.4 imputed interest, home-purchase exception) The facts show only T4 salary and dividends, with no shareholder debit loan account on the balance sheet.
NOT APPLICABLE	Personal services business exposure, test, cure or unwind The corporation has nine arm's-length employees and multiple well-completion service contracts, ruling out a personal services business characterization.
NOT APPLICABLE	Donate publicly listed securities in kind (zero capital gain) and stack the donation credit The \$12,000 donation was cash and the corporation's investment holdings are GIC term deposits, not appreciated listed securities.
NOT APPLICABLE	Fiscal year-end selection and the s. 249.1 deferral The corporation already uses a December 31 year-end with no stated bonus-deferral strategy that a fiscal-period change would improve.

NOT APPLICABLE	Capital gains reserve for deferred proceeds (five years; ten for intergenerational) No sale of the business, real estate or shares with deferred proceeds is stated in the facts, so there is no gain to spread with a reserve.
NOT APPLICABLE	Flow-through shares, renounced CEE deduction plus the mineral / critical mineral exploration credits The corporation is an oilfield service provider, not a resource principal-business corporation, and the facts show no flow-through share holdings by the owner.
NOT APPLICABLE	Resource expense pools, CEE / CDE / COGPE classification, successor rules and timing The client provides coil tubing/pressure pumping services rather than drilling or exploring for resource properties, so there is no Schedule 12 CEE/CDE/COGPE pool to optimize.
NOT APPLICABLE	Family trust 21-year deemed disposition, rollout under s. 107(2) before the anniversary No family trust currently exists in the facts (the s. 86 freeze trust is newly proposed), so there is no trust approaching a 21-year anniversary.
NOT APPLICABLE	Corporate attribution (s. 74.4), structure the freeze/trust to avoid the deemed interest Both children are adults (22 and 25) and no spouse is proposed as a shareholder, so s. 74.4's designated-person (spouse/minor child) trigger is not engaged.
NOT APPLICABLE	Sale to an employee ownership trust (\$10M capital gains exemption, 2024-2026) The facts show a planned family succession to the elder child, not a sale to an employee ownership trust, so this route is not in play.
NOT APPLICABLE	Clean technology manufacturing ITC (s. 127.49, 30%) incl. critical mineral extraction and processing The corporation is a well-completion service provider, not a manufacturer of clean technology components or a critical-mineral extractor/processor, so s. 127.49 property is not present.
NOT APPLICABLE	Qualifying environmental trust, deduct reclamation funding now, credit the trust's tax Client is a well-completion service provider, not a well/mine/pipeline operator, and no asset-retirement obligation or regulator-required security is stated on the facts.
NOT APPLICABLE	Amalgamation or wind-up with the s. 88(1)(d) bump on acquisition No acquisition of another corporation's shares, target with accrued gains, or acquisition debt is stated in the facts.
NOT APPLICABLE	In-group loss consolidation (CRA-accepted loan/preferred-share structure between affiliated corporations) The corporation has no current loss carryforwards (2022 non-capital loss was fully absorbed in 2023) and the only affiliated entity, the spouse's rental corp, earns net income of \$120,000, not losses.

NOT APPLICABLE	Post-mortem planning on private company shares: s. 164(6) loss carryback vs pipeline vs bump The owner is alive and 54 years old with no death, estate or T3 event in the facts, so post-mortem planning has no predicate.
NOT APPLICABLE	Private foundation / donor-advised fund funded with appreciated securities or private company shares There is no stated sale of the business, large capital gain event, or intent to establish a multi-year giving vehicle, only a recurring \$12,000 cash donation to STARS.

This table is generated by a deterministic coverage sweep: every strategy in the engine’s validated playbook that matches this client’s profile MUST receive a disposition before the run can complete. A cataloged strategy cannot be silently omitted.

Combined Impact Summary

Totals are recomputed from the surviving items at render time.

Review Mode: missed deductions and credits	\$71,270
Engineering Mode: proactive structures	\$1,766,460
Total estimated opportunity (non-additive; see note)	\$1,766,460

Totals note: Review Mode and Engineering Mode overlap (engineering structures typically include capturing the review-mode misses); the combined estimate equals the Engineering total only, the two sections are not additive.

Important disclaimer

All figures are estimates for CPA review and validation. Actual results depend on client-specific facts, elections made, implementation timing, and independent verification of each cited authority. No representation is made as to the accuracy of estimated dollar amounts. Each citation must be independently confirmed by the reviewing CPA before presentation to clients. This document does not constitute tax advice.

Review Mode breakdown

R1	Accelerated investment incentive on the \$1.9M 2024 addition, first-year CCA on the full net addition with no half-year rule	\$43,700
R2	GRIP not tracked and no eligible-dividend designation, a late s. 89(14.1) designation is still available for the 2024 dividends	\$14,970
R3	Dividend refund not claimed on the \$12,600 non-eligible RDTOH despite \$220,000 of non-eligible dividends paid	\$12,600
R4	2024 SR&ED claim window closed, quantify the lost 35% refundable ITC and preserve 2025-2026 development spend	n/a
R5	Alberta Innovation Employment Grant, 2024 is nil (no federal pool), but 2025-2026 is live and the base amount matters	n/a
R6	Apprenticeship job creation tax credit, three apprentices, no Schedule 31; 2024 window closed, 2025 open	n/a

R7	Clean technology ITC (s. 127.45, 30% refundable) on the 2024 electric-drive frac pump set and the 2025-2026 \$2.6M program including the mobile battery storage unit	n/a
----	--	-----

Engineering Mode breakdown

E1	s. 86 estate freeze with a discretionary family trust, multiplying the lifetime capital gains exemption across the owner and two adult children	\$600,000
E2	Clean technology ITC (s. 127.45, 30% refundable) plus 100% first-year CCA on the \$2.6M 2025-2026 electrification and battery-storage spend, with the 2025 Schedule 31 window still open	\$486,000
E3	Holding company on a s. 85 rollover, creditor-proofing the \$1.2M of GICs, protecting the business limit from the s. 125(5.1) passive-income grind, and purifying for QSBC status	\$300,000
E4	Rebuild the development programme as a documented SR&ED claim for 2026+ (s. 37, 35% refundable at the new \$6M expenditure limit) paired with the Alberta Innovation Employment Grant	\$180,000
E5	Capital cost allowance class review of the \$1.9M electric-drive frac pump set, reallocation out of Class 8 by T2 amendment inside the open reassessment period	\$71,760
E6	Retirement compensation arrangement (RCA) for supplemental executive retirement funding	\$46,000
E7	Late eligible-dividend designation on the 2024 \$220,000 under s. 89(14.1), with Schedule 53 GRIP put on file	\$17,600
E8	Dividend refund on the non-eligible RDTOH balance (s. 129(1)) claimed by T2 amendment, and forward ordering of taxable dividends against RDTOH	\$12,600
E9	TOSI, restructure family dividends into excluded shares / excluded business / reasonable return	\$12,500
E10	Owner-manager salary vs dividend calibration (RRSP room, CPP, SBD, integration)	\$12,000
E11	Individual pension plan for the 54-year-old owner-manager with past-service funding, built on a recalibrated salary/dividend mix	\$11,500
E12	Corporate-owned exempt life insurance (funding buy-sell / estate liquidity; CDA on death)	\$11,500

E13	Apprenticeship job creation tax credit (10% of eligible apprentice wages)	\$5,000
E14	Alberta AT1 synchronization, every federal T2 adjustment, loss carryback and credit mirrored to TRA	n/a