To: Profile Technical Support

From: Victor Waese

Re: A problem with how the T1 Planning Module handles AMT

Attached is a 2020 T1 in which the taxpayer has a s.120.2(3) additional amount determined of $1,855.54.

When I open up the planning module and copy the T1 return to the planning module, it populates the Minimum tax carryover field with the amount of $1,855.54, as shown in the following screen shot.

Tax payable

Taxable income	138,000 00							
Tax on first	49,020 00	X	15.00	%		7,353 00		
Tax on next	49,020 00	X	20.50	%	+	10,049 10		
Tax on next	39,960 00	X	26.00	%	+	10,389 60		
Tax on next	0 00	X	29.00	%	+	0 00		
Tax on remaining	0 00	X	33.00	%	+	0 00		
Total federal tax on taxable income					=	27,791 70	27,791 70	
Federal tax on split income							0 00	
Less: Total non-refundable tax credits						2,071 20		
Dividend tax credit	0 00	X	9.03	%	+	0 00		
Dividend tax credit	138,000 00	X	15.02	%	+	20,727 32		
Minimum tax carryover / overseas employment tax credit					+	1,855 54		
Subtotal					=	24,654 06	- 24,654 06	
Basic federal tax							= 3,137 64	
Non-resident surtax							+ 0.00	
Foreign tax credits / other							- 0 00	
Labour-sponsored / political contribution / investment tax credits							- 0 00	
Refundable Québec abatement							- 0 00	
Additional tax on RESP accumulated income payments							+ 0 00	
Net federal tax (above calculation or minimum amount below)							= 6,928 02	
CPP contributions payable on self-employment							+ 0 00	
Employment Insurance premiums payable on self-employment and other eligible earnings							+ 0 00	
Social benefits repayment							+ 0 00	

This amount should not be automatically populated, in that it is an elected amount only available when the s.127.51 minimum amount exceeds regular Division E tax payable. In this particular example, the automatic population of this field causes there to be an error in the amount of "Basic Federal Tax", which should be $4,993.18, and not the $3,137.64 as shown.

This does not cause an error in the amount of Net Federal Tax, but it does lead to an error in the computation of Provincial Tax in the Planning Module, which should be $652.04 and not the $1,277.36 as shown.

Provincial tax calculation

Taxable income		138,000.00						
Tax on first		42,184.00	X	5.06	%		2,134 51	
Tax on next		42,185.00	X	7.70	%		3,248 24	
Tax on next		12,497.00	X	10.50	%		1,312 18	
Tax on next		20,757.00	X	12.29	%		2,551 04	
Tax on next		20,377.00	X	14.70	%		2,995 42	
Tax on next		0.00	X	16.80	%		0 00	
Tax on remaining		0.00	X	20.50	%		0 00	
Total provincial tax on taxable income						=	12,241 39	
Add: Minimum tax	6,928.02	-	3,137.64	X	33.70	%	+	1,277.36
Tax on split income							+	0.00

I would recommend that in the planning module, when copying the T1 return, the amount of prior year AMT to be deducted should not be automatically populated into the planning form.