

TAX CREDITS

Apprentices and *challengers* are eligible for a number of federal grants and provincial tax credits once each level of technical training and the accompanying work-based hours are successfully completed. In addition, a completion grant is available upon certification.

British Columbia Training Tax Credit Program

The Training Tax Credit program came into effect January 1, 2007 and provides tax credits for employers and apprentices who are engaged in eligible apprenticeship programs administered through the Industry Training Authority. Government recently announced its intent to extend the training tax credit program through 2017.

The training tax credit provides refundable income tax credits for employers who employ apprentices enrolled in apprenticeship programs administered through the [Industry Training Authority](#) (ITA).

Sole proprietors, partnerships and corporations are eligible for the employer's tax credit.

There are three main elements to the training tax credit:

1. Basic credit for the first 24 months of non-Red Seal training programs
2. Completion credit for level 3 or higher for both Red Seal and non-Red Seal training programs
3. Enhanced credit for First Nations individuals and persons with disabilities

The federal government also provides a non-refundable credit for employers for the first 24 months of Red Seal apprenticeship programs.

For more information, see [Training Tax Credit](#) on the BC Government website

Apprenticeship Job Creation Tax Credit

The Apprenticeship Job Creation Tax Credit (AJCTC) is a non-refundable tax credit equal to 10% of the eligible salaries and wages payable to eligible apprentices in respect of employment after May 1, 2006. The maximum credit an employer can claim is \$2,000 per year for each eligible apprentice. If your business hires an "eligible apprentice," you qualify to claim the credit.

An "eligible apprentice" is someone who is working in a prescribed trade in the first two years of their apprenticeship contract. This contract must be registered with a federal, provincial or territorial government under an apprenticeship program designed to certify or license individuals in the trade.

A prescribed trade includes the trades currently listed as Red Seal Trades. For more information, see the [Red Seal Program](#).

For more information, see [Apprenticeship Job Creation Tax Credit](#) on the Revenue Canada website.



Shipbuilding & Ship Repair Industry Tax Credit

The shipbuilding and ship repair industry tax credit is a new tax credit for eligible employers that employ apprentices in the B.C. shipbuilding and ship repair industry.

An eligible employer is an employer whose principal business is constructing, repairing or converting ships. An eligible apprentice is an employee who is registered as an apprentice with the [Industry Training Authority](#) (ITA) and is enrolled in an eligible apprenticeship program.

For the purpose of the credit, ships are defined as sea-going vessels propelled by engine but do not include vessels ordinarily used for personal or recreational purposes.

If you employ apprentices but do not qualify for the shipbuilding and ship repair industry tax credit, you may be eligible for the [Training Tax Credit](#).

The shipbuilding and ship repair industry tax credit is based on the salary and wages you pay an eligible apprentice before December 31, 2019.

You can claim the following amounts:

- **Basic tax credit** – 20% of salary and wages (up to \$5,250) paid to an apprentice in the tax year during the first 24 months of an eligible Red Seal or non-Red Seal program. The basic credit does not require the apprentice to complete any technical training or a set number of hours. Wages paid before October 1, 2012, do not qualify for this credit.
- **Completion tax credit** – 20% of salary and wages (up to \$5,250) paid to an apprentice in the 12 month period prior to the apprentice completing the requirements for tax credit level 3 or higher of an eligible program. The completion tax credit is claimed in the tax year the level is completed, so long as the level is completed after September 30, 2012. Wages paid before October 1, 2012, qualify for this credit.
- **Enhanced tax credit** – the basic and completion tax credits are enhanced by 50% (up to \$2,625) for apprentices who are eligible First Nations individuals or persons with disabilities. This is in addition to the basic credit or the completion credit. First Nations individuals are persons registered as Indians under the Indian Act (Canada). Persons with disabilities are individuals who qualify for the federal disability tax credit.