

Co-operative Education Tax Credit

Information for Employers

What is the Ontario Co-operative Education Tax Credit?

The government of Ontario offers a tax credit for businesses hiring students enrolled in any recognized post-secondary co-operative education program. These tax credits help Ontario's college and university students to gain valuable work experience and enhance their future employment opportunities. They also benefit employers who support co-operative education in Ontario.

Who is eligible for the Co-operative Education Tax Credit?

An eligible employer includes businesses with permanent establishments in Ontario subject to Ontario corporate income tax or Ontario personal income tax.

The employer must incur eligible expenditures associated with hiring co-op students enrolled in an Ontario college or university. Expenditures include:

- Salaries and wages including taxable benefits (ie., the amounts reported on the T-4 slip) paid or payable to the student in respect of the qualifying work placement. The student's remuneration must be attributable to an Ontario permanent establishment (place of business).
- Fees paid or payable to an employment agency in respect of the qualifying work placement for the services of a student carried out primarily at an Ontario place of business.

Employment length must be a minimum of 10 weeks.

An eligible employer can claim a refundable tax credit for each qualifying work placement ending in the tax year equal to the lesser of: 25% to 30% of eligible expenditures made for the work placement up to \$3,000.

If a qualifying work placement ended during the tax year, the employer may claim a credit for each four months of employment.

Canada Revenue Agency (CRA) administers the program on behalf of Ontario through the federal income tax system.



For more information,
please contact:

Ministry of Revenue
Tax Compliance Branch
Specialty Assessments Unit
33 King Street West, P.O. Box 620
Oshawa, ON L1H 8E9

English: 1-800-959-5525
French: 1-800-959-7775
Teletypewriter: (TTY) 1-800-665-0354

Visit the Ministry's website at:
www.ontario.ca/revenue



What Co-op Programs Qualify for the Ontario Co-operative Education Tax Credit?

A qualifying co-operative education program must be offered by an eligible educational institution (which includes provincially funded Colleges of Applied Arts and Technology, universities and agricultural colleges) and must meet the following criteria:

- The program formally integrates academic studies with work experience;
- Each work situation is developed and/or approved by the educational institutional as suitable;
- The co-op student is engaged in productive work rather than merely observing;
- The co-op student receives remuneration for the work experience;
- The student's progress on the job is monitored by the eligible institution;
- The co-op student's performance on the job is supervised and evaluated by the employer;
- The total work experience component of the program is no less than 30% and no more than 75% of the time spent in academic study;
- The qualifying co-op work placement must be a minimum of 10 consecutive weeks in duration and must be a requirement for graduation from the co-op program;
- Qualified internship work placement length is not less than 8 months or more than 16 months. For internship work terms longer than 4 months, each subsequent 4 month period will be considered as a separate qualifying co-op work placement for the purposes of the tax credit; (e.g. an 8 month work term would constitute 2 separate qualifying work terms).

How do Employers Document their Participation and Claim their Tax Credits?

- Employers must have a certified document from an eligible educational institution confirming that they have provided a work term to a student in a qualifying co-operative education program;
- The certified document must be kept on file by the employer and be available during any subsequent review of the Ontario Co-operative Education Tax Credit by Revenue Canada or the Ontario Ministry of Revenue;
- Summary information with respect to a claim is submitted on the employer's tax return in the taxation year that the work term ends. Corporations complete a Corporations Tax return; and unincorporated businesses use the Ontario Tax Credit form ON479 included in the Federal T-1 General Income Tax Return;
- Eligible corporations may claim this tax credit by completing T2SCH550 and entering the amount on Line 192 of their tax return;
- The educational institution is responsible for providing the Ministry of Finance with the required information for all of the work terms that it has certified for each calendar year.

How to Apply

- Incorporated Business – Schedule T2SCH550 of their T2 Corporation Tax Return;
- Unincorporated Business – Claim the credit on Form ON479 on their personal income tax return;
- Others – Members of partnerships claim their share on their own corporate or personal tax returns