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Canada Revenue Agency | Agence du revenu du Canada

Federal Foreign Tax Credits

General information

This credit is for foreign income or profits taxes you paid on income sourced from a country other than Canada and reported on your Canadian return. Tax treaties with other countries may affect whether you are eligible for this credit.

Notes

You may have deducted an amount on line 25600 of your return for income that is not taxable in Canada under a tax treaty. In this case, do not include that income in your "Net foreign non-business income" (line 43300) or in your "Net foreign business income" (line 43900). Also, do not include any foreign tax paid on it in your "Non-business income tax paid to a foreign country" (line 43100) or in your "Business income tax paid to a foreign country" (line 43400).

Where a foreign pension income qualifies as pension income eligible for income splitting under the Income Tax Act (ITA) and the pensioner (transferring spouse) and the receiving spouse have jointly elected to split such foreign pension income, any related foreign taxes paid may also be split on the same basis. The total of the split foreign taxes claimed by the pensioner and the receiving spouse cannot be more than the pensioner's total foreign taxes paid in relation to the split foreign pension income. For more information about splitting pension income, see Form T1032, Joint Election to Split Pension Income for 2025.

If you paid tax to **more** than one foreign country, and the total foreign taxes paid to all foreign countries was **more than $200**, do the applicable calculation shown on this form for non-business and business taxes paid to each country on a separate sheet in Canadian dollars. Enter the total amount on this form.

In most cases, the foreign tax credit amount you can claim for each foreign country is **whichever is less**:

- the foreign income tax you actually paid
- the tax otherwise payable in Canada on your net income from that country

Note

If you paid tax on income from property sourced outside of Canada (other than real or immovable property), your non-business foreign tax credit for that income cannot be more than 15% of your net income from that property. However, you may be able to deduct the part of the foreign taxes you paid over 15% on line 23200 of your return.

The Canada Revenue Agency (CRA) considers your contribution to a foreign public pension plan as a non-business income tax for foreign tax credit purposes when the following **two** conditions apply:

- You are required to make the contribution under the legislation of the foreign country

  Note

  Contributions made under the United States (U.S.) Federal Insurance Contributions Act (FICA), including Social Security and Medicare taxes, qualify for this credit.

- It is reasonable to conclude that you will not be eligible for any financial benefit from your contribution considering that the employment in the foreign country was temporary and for a short period of time

How to claim this credit

- Do all of your calculations in **Canadian** dollars
- If you were a member of a partnership and are entitled to claim a part of the foreign taxes the partnership paid, include in your calculations the amount shown in the financial statements or in box 171 and box 172 of your T5013 slip, Statement of Partnership Income
- Claim the amount from line 13 of this form on line 40500 of your return. The amount on line 13 should not be more than the amount on line 42900 of your return

Your federal foreign tax credit on non-business income may be less than the tax you paid to a foreign country. If this is the case, and you were **not** a resident of Quebec on December 31, 2025, you may be able to claim a provincial or territorial foreign tax credit. To help you calculate the credit, complete Form T2036, Provincial or Territorial Foreign Tax Credit. Attach a copy of the form to your paper return.

If you were a **resident of Quebec** on December 31, 2025, see Revenu Quebec's Guide to the Income Tax Return.

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Also, on line 23200 of your return, you may be able to deduct the amount of net foreign taxes you paid for which you have not received a federal, provincial or territorial foreign tax credit. This does not include certain taxes you paid, such as those on amounts you could have deducted under a tax treaty on line 25600 of your return. For more information, see Income Tax Folio S5-F2-C1, Foreign Tax Credit.

Note
You may have earned foreign income in your Tax-Free Savings Account (TFSA). If this is the case, do not include this income in your "Net foreign non-business income" (line 43300). Also, do not include any foreign tax paid on it in your "Non-business income tax paid to a foreign country" (line 43100).

Supporting documents

If you are filing electronically, keep all your documents in case the CRA asks to see them later.

If you are filing a paper return, include your documents, such as a notice of assessment or other similar document from the foreign tax authority, showing foreign taxes you paid, and a note showing your calculations. You must also include this form.

If you paid taxes to the U.S., attach your Form W-2, U.S. 1040 return, U.S. Account Transcript, and any other supporting documents that apply.

If any of your documents are in a **foreign language**, the CRA needs a copy of the original documents written in the foreign language with an acceptable English or French translation. To be acceptable, the translation has to include the signatory's name, printed in the Latin alphabet, and has to meet **one** of the following conditions:

- It is certified by an official with the authority to administer an oath or solemn declaration (commissioner of oaths, notary public, or lawyer) unless it was done by a translator who is a member in good standing of one of the provincial or territorial organizations of translators and interpreters of Canada
- It has the seal and signature of an official from the foreign country's embassy, high commission, or consulate confirming it is a true translation
- It has the signature of a Chartered Professional Accountant (CPA) confirming it is a true translation
- It includes a written statement indicating the profession and the signature of a teacher, professor or a religious leader confirming it is a true translation

Note
For the translation to be acceptable, your name cannot be the same as the signatory's.

Federal Foreign Tax Credits

Use this form to calculate the amount you can deduct from your federal tax for 2025. If this claim is for a year before 2025, go to **canada.ca/cra-forms** to get a previous version of this form.

You can claim this credit if you were resident in Canada at any time in the tax year and you had to include, on your Canadian return, income sourced from a country other than Canada for which you paid non-business or business taxes to that foreign country.

Send only one Form T2209 per tax year. If your total foreign taxes paid to **all** foreign countries was **more than $200**, calculate the total foreign taxes paid for each foreign country on a separate sheet and enter the total on this form.

For more information, see Income Tax Folio S5-F2-C1, Foreign Tax Credit.

Country or countries for which you are making this claim: _____

Federal non-business foreign tax credit

Non-business income tax paid to a foreign country (1) **43100** •1

Net foreign non-business income (2) **43300** / Net income (3) × Basic federal tax (4) = 2

Enter **whichever is less**:
the amount from line 1 or line 2. **Federal non-business foreign tax credit** 3

The amount on line 3 should **not** be more than the total of the amount on line 42900 of your return plus any federal surtax on income earned outside of Canada. For provinces and territories, except Quebec, the amount of the federal surtax is on line 127 of your return. For Quebec, the amount of the federal surtax is on line 131 of your return. For deemed residents of Canada, the amount of the federal surtax is on line 132 of your return.

Federal business foreign tax credit

Business income tax paid to a foreign country (5) for the year, plus any unused foreign tax credits for that country for the 10 years (6) before, and the 3 years after this year **43400** •4

Net foreign business income (7) **43900** / Net income (3) × Basic federal tax (8) = 5

Federal surtax on income allocated to "Other (Outside Canada)":
Amount from line 10 of Part 2 of Form T2203, Provincial and Territorial Taxes for Multiple Jurisdictions, **or** 48% of the amount from line 42900 of your return. Enter the amount that applies to the country or countries you identified at the top of this page. + 6

Add lines 5 and 6. = 7

Add basic federal tax (8) and the amount from line 6. 8

Enter the amount from line 3, if any. – 9

Line 8 minus line 9 = ▶ 10

Enter **whichever is less**:
the amount from line 4, 7 or 10. **Federal business foreign tax credit** 11

Federal foreign tax credit

Enter the amount from line 3, if any. ▶ + 12

Add lines 11 and 12. **Federal foreign tax credit** = 13

The amount on line 13 should **not** be more than the total of the amount on line 42900 of your return, plus any federal surtax on income earned outside of Canada. For every province and territory, except Quebec, the amount of the federal surtax is on line 127 of your return. For Quebec, the amount of the federal surtax is on line 131 of your return. For deemed residents of Canada, the amount of the federal surtax is on line 132 of your return.
Enter the amount from line 13 on **line 40500** of your return.

See the privacy notice on your return.

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(1) **Non-business income tax paid to a foreign country**

Total of non-business income or profits tax you paid to that country or to a political subdivision of that country for the year, minus any part of this tax that is deductible under subsection 20(11) or deducted under subsection 20(12) of the ITA. Non-business income tax paid to a foreign country does not include tax that can reasonably be attributed to an amount that:

- any other person or partnership has received, or is entitled to receive from the foreign country
- relates to taxable capital gains from that country, and you or your spouse or common-law partner claimed a capital gains deduction for that income
- was deductible as income exempt from tax under a tax treaty between Canada and that country
- was taxable in the foreign country because you were a citizen of that country, and relates to income from a source within Canada

Note
The CRA considers any amount of tax you paid to a foreign government in excess of the amount you had to pay according to a tax treaty as a voluntary contribution and does not qualify as foreign taxes paid.

(2) **Net foreign non-business income**

Net amount you calculate when the non-business income you earned in a foreign country is more than the non-business losses you incurred in that country. When you calculate the non-business income and losses, claim the allowable expenses and deductions relating to the foreign income or loss. Subtract all of the following from your foreign non-business income:

- your income from that foreign country for which you claimed a capital gains deduction
- your income that was, under a tax treaty between Canada and that country, deductible as exempt from tax in Canada or in that country
- your foreign resource and exploration and development expenses
- a deduction you claimed under subsections 20(11) or 20(12) and under subsection 4(3) of the ITA relating to the foreign income, including any deduction claimed for:
  - your foreign union dues
  - your contributions to a foreign pension plan or a social security arrangement
  - your foreign carrying charges

Do **not** reduce your foreign non-business income by any deduction you claimed for a dividend you received from a controlled foreign affiliate. If your net foreign non-business income is more than your net income, use your net income in the calculation.

For more information on deductions claimed under subsections 20(11) and 20(12) of the ITA, see Income Tax Folio S5-F2-C1, Foreign Tax Credit.

Note
Include only your foreign non-business income for the part of the year you were a resident of Canada.

(3) **Net income**

Amount from line 23600 of your return (or the amount you would have entered if the instructions said "if negative, show in brackets") **plus** the amount on line 68360 of Form T1206, Total split income, **minus** any:

- amount deductible as a Canadian Forces personnel and police deduction (line 24400 of your return)
- amount deductible as security options deductions (line 24900 of your return)
- amount deductible as an other payments deduction (line 25000 of your return)
- net capital losses of other years you claimed (line 25300 of your return)
- capital gains deduction for qualifying business transfer or qualifying cooperative conversion you claimed (line 25395 of your return)
- capital gains deduction you claimed (line 25400 of your return)
- amounts deductible as net employment income from a prescribed international organization, as foreign income exempt under a tax treaty, or as adult basic education tuition assistance (included on line 25600 of your return)

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(4) **Basic federal tax**

Line 42900 of your return **plus** any:

- federal dividend tax credit (line 40425 of your return)
- federal surtax on income allocated to "Other (Outside Canada)" (line 10 of Part 2 of Form T2203 **or** 48% of the amount from line 42900 of your return)

minus any:

- refundable Quebec abatement (line 44000 of your return or line 15 of Part 2 of Form T2203)
- federal refundable First Nations abatement (line 44100 of your return)

Note

If you were a resident of Quebec, basic federal tax is the amount on line 42900 of your return **plus** any:

- federal dividend tax credit (line 40425 of your return)

minus any:

- refundable Quebec abatement (line 44000 of your return or line 15 of Part 2 of Form T2203)

(5) **Business income tax paid to a foreign country**

Total of business income or profits tax you paid to a country or a political subdivision of a country for the year. If you were a resident of Quebec, multiply this amount by 55%. It does not include any part of the business income tax that can be reasonably attributed to an amount that any other person or partnership has received or is entitled to receive from a country, or that was payable on income that was exempt from tax under a tax treaty between Canada and that country.

Note

The CRA considers any amount of tax you paid to a foreign government in excess of the amount you had to pay according to a tax treaty as a voluntary contribution and does not qualify as foreign taxes paid.

(6) **Unused business foreign tax credits**

Unused business foreign tax credits can be carried forward 10 years and carried back 3 years.

(7) **Net foreign business income**

Net amount by which the business income you earned in a foreign country is more than the business losses you incurred in that country. When you calculate the business income and losses, claim the allowable expenses and deductions relating to the foreign income or loss, including foreign resource and exploration and development expenses. Also reduce your foreign business income by any income from that country that was, under a tax treaty between Canada and that country, exempt from tax in Canada or in that country. If your net foreign business income is more than your net income, use your **net income** in the calculation.

Note

Include only the foreign business income for the part of the year you were a resident of Canada.

(8) **Basic federal tax**

Line 42900 of your return **plus** any federal dividend tax credit (line 40425 of your return).

Note

If you were a resident of Quebec, these instructions do not apply. Instead, follow the instructions for Quebec residents in note (4) above to calculate the "Basic federal tax" at line 5 of this form.