



CREDIT UNION DEDUCTIONS (1998 and later taxation years)

Name of corporation	Business Number	Taxation year end Year Month Day
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- For use by a credit union to calculate the deduction from income for bonus interest payments and payments pursuant to allocations in proportion to borrowing under subsection 137(2) and the additional deduction from Part I tax payable under subsection 137(3).
- Bonus interest payments and payments pursuant to allocations in proportion to borrowing are deductible if paid to the credit union's members within the year, or within the following twelve months, if these payments were not deductible under subsection 137(2) in calculating the income of the credit union for the immediately preceding taxation year.
- The expressions **allocation in proportion to borrowing** and **bonus interest payment** are defined in subsection 137(6) of the *Income Tax Act*.
- For more information, refer to the *T2 Corporation Income Tax Guide*.
- Attach additional schedules if there is not enough space.

Part 1 – Allocation in proportion to borrowing claimed as a deduction for the taxation year

Class of member	Interest payable by all members of class	Amount of money borrowed by all members of class	Rate of allocation	Allocations in proportion to borrowing
	100	200		300
1.				
2.				
3.				
4.				
5.				

Total **305**

Part 2 – Bonus interest payment claimed as a deduction for the taxation year

Class of member	Interest payable to all members of class	Amount of money on deposit by all members of class	Rate of allocation	Bonus interest payments
	110	210		310
1.				
2.				
3.				
4.				
5.				

Total **315**

Total of line 305 plus line 315 (enter amount A on line 315 of Schedule 1) **A**

Part 3 – Additional deduction

Taxable income for the year (from line 360 of the T2 return)	500		B
4/3 x maximum cumulative reserve at the end of the taxation year	600		
Less: Preferred rate amount at the end of the preceding taxation year (from amount F below)			
Subtotal (if negative, enter "0")			C
Lesser of lines B and C above			D
Less: The least of amounts on lines 400, 405, 410, and 425 on page 3 of the T2 return	625		
Subtotal (if negative, enter "0")			E
Additional deduction – 16% of line E (enter on line 628 of the T2 return)	650		

Part 4 – Preferred rate amount at the end of the taxation year

Preferred rate amount at the end of the preceding taxation year	700		
Plus: Preferred rate amount transferred on amalgamation/wind-up	750		
Subtotal			F
Plus: 25/4 x the small business deduction for the year (line 430 of the T2 return)			G
25/4 x the additional deduction for credit unions (line 650 above)			H
Preferred rate amount at the end of the taxation year (the total of lines F, G, and H)	800		