

ELECTION FOR A CAPITAL DIVIDEND UNDER SUBSECTION 83(2)

Do not use this area

- Private corporations can use this form to elect to have the provisions of subsection 83(2) apply to a dividend. For more information, see Interpretation Bulletins IT-66 and IT-149.
- File one completed copy of this election separate from a return as follows:
 - on or before the earlier of:
 - (i) the day the dividend becomes payable; and
 - (ii) the first day on which any part of the dividend was paid; and
 - at the tax services office serving the area where the corporation is located or, if the corporation has a head office, the tax services office serving the head office location.
- Note:** If you file this election in the same envelope as a return, do not insert it in or attach it to the return.
- A capital dividend paid to a non-resident is subject to Part XIII withholding tax reported on an NR4B return.
- Parts, subsections, and paragraphs mentioned on this form refer to the *Income Tax Act*.

Name of corporation (print)	Business Number		
			R C
Address	Tax services office		
Name of person to contact for more information (print)	Area code	Telephone number	
Mailing address (complete only if different from address above)			

Information required

The full amount of the dividend for which this election is made. _____ (a)
(attach a certified copy of the resolution or authorization as required by section 2101 of the *Income Tax Regulations*)

Capital dividend account immediately before this dividend becomes payable
[attach a schedule showing the computation of the capital dividend account – subsection 89(1)] _____ (b)

Note: You do not have to file documentation to support the calculation of the capital dividend account with this election, but you have to keep it in case we ask to see it at a later date.

Excess amount, if any, subject to Part III Tax [amount (a) minus amount (b)] _____ (c)
 Enter amount (c) in "Calculation of Part III tax" on reverse side.

Date the dividend becomes payable _____

First day on which any part of the dividend was paid _____

Date of immediately previous election (if none, enter N/A) _____

Does the capital dividend account include any capital dividend received from another corporation since your last election or, if an election has never been filed, since the beginning of the computation of your capital dividend account? yes no

If yes, provide the following information for the other corporation:

Name of corporation (print)	Business number		
Date dividend became payable by the other corporation	Year	Month	Day

(provide the same information separately for each dividend received)

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Where subsection 83(2.1) applies to treat a capital dividend as a taxable dividend received by a shareholder, that dividend will be considered to be a capital dividend in determining any liability of the corporation for Part III tax and in calculating the corporation's capital dividend account.

Total remittance accompanying this election (details on reverse) _____

Late-filing penalty

According to subsection 83(4), a late-filing penalty will apply to an election filed after its due date.

Calculation of late-filing penalty:

Amount of the dividend _____ x 1% x amount N* _____ ÷ 12 = _____ (d)

\$500 x amount N* _____ ÷ 12 = _____ (e)

*N represents the sum of each month or each part of a month in the period from the required filing date to the actual filing date.

Late-filing penalty is the lesser of amounts (d) and (e), _____ (f)

Calculation of Part III tax

Excess amount of dividend declared subject to Part III tax (g)
(amount (c) from reverse side of this form)

Part III tax* = 75% x amount (g) = _____ (h)

Note: The corporation has to file an election under subsection 184(3) of the *Income Tax Act*.

*It is proposed in draft legislation to amend Part III tax to 60% of the excess amount of dividend, for 2000 and subsequent taxation years.

Remittance accompanying this election

Late-filing penalty (amount (f) above) _____

Part III tax (amount (h) above) _____

Total remittance [amount (f) plus amount (h)] _____

Enter this amount in the space provided on the reverse.

Make cheque or money order payable to the Receiver General. Specify "T2054" on the remittance and to ensure proper credit, indicate the name, Business Number and taxation year of the corporation.

Daily compound interest at a prescribed rate applies to unpaid amounts, including late-filing penalties.

Election and certification

The corporation hereby elects to have the provisions of subsection 83(2) apply for the full amount of the dividend indicated herein. I certify that the information given in this election, and in all documents attached, is true, correct, and complete in every respect.

_____ Date

_____ Signature of authorized officer

_____ Position or office