

CAN: _____

Taxation Year Ending: _____

For corporations which were Canadian-controlled private corporations throughout the taxation year and which had income from active businesses carried on in Canada. Report all monetary values in dollars; DO NOT include cents.

Association for Purposes of the Alberta Small Business Deduction

001	Yes	No

Is the corporation associated with one or more Canadian-controlled private corporations? _____
If "Yes", complete AREA A on page 2.

Alberta Small Business Deduction

Income from active businesses carried on in Canada as reported on the T2 line 400* OR on Schedule 12, line 106 _____

003	
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Deduct: Royalty Tax Deduction for the year (Schedule 5, line 021) _____

005	
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Balance line 003 minus line 005 (if negative, enter "0") _____

007	
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Taxable Income (less adjustments for foreign tax credits and amounts included in Amount Taxable in Alberta not subject to Alberta corporate income tax. See Guide for calculation details) _____

009	
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Deduct: Royalty Tax Deduction for the year (Schedule 5, line 021) _____

011	
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Balance line 009 minus line 011 (if negative, enter "0") _____

013	
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Complete AREA B on page 2 to determine the base amount used to calculate the Alberta Small Business Threshold _____

015	
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* If the corporation has income (loss) from partnership(s) with fiscal period(s) ending after March 31, 2001, then the Income from active businesses must be recalculated for Alberta purposes by increasing the business limit at column G on page 2 of federal Schedule 7 to \$300,000 on April 1, 2001, \$350,000 on April 1, 2002, and \$400,000 on April 1, 2003, prorating the increase by the number of days in the partnership's fiscal period straddling March 31, 2001, March 31, 2002 and March 31, 2003. (See Guide for more details.)

Income Eligible for the Alberta Small Business Deduction

Corporations with permanent establishments only in Alberta, ignore lines 019, 020 and 021 and go directly to the table below.

Other corporations complete the following:

Amount reported on federal Schedule 5, line 127 _____

019	
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Amount reported on federal Schedule 5, line 167 _____

020	
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Alberta Small Business Allocation Factor:

If both line 019 and line 020 are "0", enter the Alberta Allocation Factor from Alberta Schedule 2. If either line 019 or line 020 have a value greater than zero and the corporation is filing under ITA Regulation 402, 403, 404, 405, 408, 409 or 411, then the Alberta Allocation Factor from Schedule 2 must be recalculated to reduce Amount B by the amount at line 019 and to reduce Amount D by the amount at line 020. If the corporation is filing under any other ITA Regulation, then enter the Allocation Factor calculated on Schedule 2 directly onto line 021

021	_____
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Calculation of the Alberta Small Business Deduction

A Days in Taxation Year	B Percentage	C Alberta Small Business Threshold Line 015 X (B)	D Least of amounts: 007, 013 and C	E D X line 021*	F SBD Rate	G Alberta Small Business Deduction E X (A/TotalA) X F
Before April 1, 2001:	100%				.095	
After March 31, 2001 & before April 1, 2002:	150%				.085	
After March 31, 2002 & before April 1, 2003:	175%				.085	
After March 31, 2003: & before April 1, 2006:	200%				.085	
After March 31, 2006:	200%				.070	

Total Days in the Taxation Year: _____

* If the corporation only has a permanent establishment in Alberta, use "1" as the value for line 021 in the calculation of column E.

Alberta Small Business Deduction:

Total of column G _____

031	
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Enter this amount on AT1 page 2, line 070

AREA A - Agreement Among Associated Corporations

Allocation Agreement:

To arrive at the Alberta Small Business Threshold, the "base amount"* of \$200,000 is used to determine the allocation among associated corporations. It is hereby agreed that the \$200,000 base amount for the year is to be allocated as shown below for the taxation year _____.

041 Name of the Associated Canadian-controlled Private Corporations	043 Alberta Corporate Account Number (CAN), if applicable	044 Percentage of the Business Limit**	045 Allocation of the Base Amount*** (\$200,000 X % in Col 044)
Totals:		100%	\$ 200,000

- * The percentage in Column B in the Calculation of the Alberta Small Business Deduction on page 1, adjusts the base amount for changes to the Alberta Small Business Threshold. The Alberta Small Business Thresholds are as follows: Before April 1, 2001: \$200,000; After March 31, 2001 and before April 1, 2002: \$300,000; After March 31, 2002 and before April 1, 2003: \$350,000; and After March 31, 2003: \$400,000.
- ** This percentage **must** be the same as that used to determine the business limit on the federal Schedule 23, form T2 SCH23 for all taxation years ending after December 4, 2002. The total of all percentages cannot exceed 100%.
- *** The amount in column 045 must be rounded to the nearest dollar; rounding up at \$.50 and over.

AREA B - Determination of the Value for Line 015

The base amount to be used by a corporation for line 015 on page 1, is \$200,000 or its allocated base amount as specified in AREA A, **adjusted**, if required, as follows:

- (i) **Prorated Base Amount:**
If the taxation year is shorter than 51 weeks, the corporation's base amount is the amount allocated to it multiplied by the ratio that the number of days in the year is to 365.
- (ii) **Part I.3 Tax Reduction:**
If in the preceding year any corporation in the associated group (whether Canadian-controlled private or not) paid the federal "Large Corporations Tax" under Part I.3 of the federal Act the base amount of each associated corporation is reduced or eliminated.

Amount

Enter \$200,000 or, if associated, the corporation's allocated base amount from AREA A _____ (a)
If adjustments are not required, enter Amount (a) on line 015 on page 1.

Adjustments (if applicable)

(i) Prorated Base Amount: Amount (a) X $\frac{\text{Number of days in tax year}}{365}$ _____ (b)

If the corporation has a short tax year but no Part I.3 tax was paid by any associated corporation,* enter Amount (b) on line 015 on page 1.

(ii) Part I.3 Tax Reduction: Amount (a) or (b)* X $\frac{\text{Gross Part I.3 tax paid by the corp. and any associated corps.}}{11,250}$ _____ (c)

Base amount adjusted for Part I.3 tax and, if applicable, a short tax year:

Amount (a) or (b)* - Amount (c) _____ (d)

Enter Amount (d) on line 015 on page 1.

* Enter the gross Part I.3 tax from the federal T2 line 415 to a maximum of \$11,250. This amount is the total Large Corporations Tax, before proration for short years and before the credit for federal corporate surtax, paid by the taxpayer corporation in its preceding taxation year and all of its associated corporations (whether Canadian-controlled private or not) for their latest tax years ending in the preceding calendar year.

** If the corporation has a short taxation year, use Amount (b). Otherwise, use Amount (a).