

## PART V TAX RETURN – TAX ON NON-QUALIFIED INVESTMENTS OF A REGISTERED CHARITY

• Use this form if you are liable to tax under subsection 189(1). You are liable if interest paid within 30 days after the end of the taxation year on a debt owing that was a non-qualified investment of a registered charity that is a private foundation is less than the amount of interest that would be payable on the debt calculated using prescribed rates.	ar on a debt owing that was a non-qualified investment of dation is less than the amount of interest that would be					
<ul> <li>"Non-qualified investment" and "private foundation" are defined in subsection 149.1(1).</li> </ul>						
<ul> <li>File two completed copies of this return, with any tax owing:</li> <li>(1) on or before the day you are required, or would be required if tax were payable, to file a return of income under Part I;</li> <li>(2) at the tax centre that serves you; and</li> <li>(3) separate from any other return.</li> </ul>						
<ul> <li>Penalties may apply if this return is filed after the due date. Such penalties and any unpaid taxes bear interest compounded daily at a prescribed rate.</li> </ul>						
• Parts, sections, and subsections referred to in this return are those of the <i>Income Tax Act</i> .						
Name of taxpayer (print)	Social insurance number					
Address	Tax services office					
Taxation year     Year     Month     Day     Year     Month     Day       for the period     From     Image: Comparison of the period	Business Number (BN)					
Name of private foundation (print) BN/Reg	istration Number					
Address						
Name of person to contact for more information	Area code Telephone number					
Calculation of tax payable						
Complete applicable schedules on pages 2 and 3 before completing this area.	Do not use this area					
Total minimum interest payable (from Schedule C) 1						
Deduct:						
i) Interest paid for the taxation year on the debts included in Schedule A						
ii) Amount of dividends received by the private foundation in the year on the shares included in Schedule B						
Sub-total 2						
Tax payable (enter nil if 2 exceeds 1)						
Total amount remitted (enter amount enclosed)\$						
Attach a cheque or money order for the amount of the tax payable to the Receiver General. Specify and Business Number or social insurance number of the taxpayer whose account is to be credited.	'T2140" on the remittance, and indicate the name					
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## Information and instructions

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- Non-qualified investments include most non-arm's length investments involving a debt, a share, or a right to acquire a share held by a private foundation that is issued by persons not dealing at arm's length with that private foundation. (Refer to subsection 149.1(1) for a complete definition.)
- Debts to which subsection 80.4(1) applies or would apply but for subsection 80.4(3), debts or shares of an "excluded corporation," publicly-traded shares, and certain "qualifying shares" and the rights to acquire such shares are excluded in determining the tax payable under subsection 189(1).
- Under subsection 189(3), a share or a right to acquire a share of a corporation that is held by the private foundation and that is a non-qualified investment is deemed to be a debt owing by the corporation to the private foundation for the purposes of calculating the tax payable under subsection 189(1).
- A separate calculation must be made of the minimum interest payable for each debt owing and for each class of shares or rights to acquire a particular class of shares held by the foundation that is deemed to be a debt owing to the foundation.

Schedule A		
Description of debts: (type of debt instrument, interest rate, repayment terms, etc.)	Amount owing	Interest paid *
	\$	\$
*Amount of interest for the year paid on the debt no later than 30 days after the end of the year.	Total (enter on page 1)	\$

Schedule B						
alculation of deemed debt owing for shares and rights held by the private foundation (at any time during the taxpayer's year):						
Description of shares and rights	Date acquired	Number held	Fair market value	Cost amount to foundation * *	Deemed debt owing * * *	Dividends received on shares
			\$	\$	\$	\$
						¢

\* Where share or right was last acquired before April 22, 1982.

\*\* Adjusted cost base as determined under the Income Tax Act.

\* \* \* Cost amount of the shares or rights. If the shares or rights were last acquired before April 22, 1982, it is whichever is more: the cost amount or the fair market value on April 21, 1982.

## Schedule C

Calculation of minimum interest payable (complete a separate calculation for each debt/deemed debt owing)

Amount of debt/deemed debt owing *	Minimum interest rate * * %	Minimum interest payable * * *
\$		\$
Total minimum interest payable (enter on page 1)		\$

\* Enter individual amounts from Schedules A and B.

- \* \* Subsections 189(2), 189(3) and 189(4)
  - (1) In the case of debt owing, whichever is least:
    - (a) such prescribed rates (under *Income Tax Regulation* 4301) as are in effect from time to time for the period in the year the debt was outstanding and was a non-qualified investment of the foundation;
    - (b) the rate that would have been payable in an arm's length transaction if the foundation had been in the business of lending money; and
    - (c) where that debt was incurred before April 22, 1982, a rate per annum equal to 6% plus 2% for each calendar year after 1982 (not including the year to which this return applies).
  - (2) In the case of a share or right to acquire a share, 2/3 of such prescribed rates as are in effect from time to time during the period in the taxation year.
  - (3) In the case of a share or right to acquire a share which was last acquired before April 22, 1982, whichever is less:
    - (a) a rate per annum equal to 2/3 of such prescribed rates as are in effect from time to time during the year; or
    - (b) a rate per annum equal to 4% plus 1% for each of the five calendar years after 1982, i.e., 4% for the years 1983 to 1987; 5% for the years 1988 to 1992; 6% for the years 1993 to 1997; 7% for the years 1998 to 2002; and 8% for the years 2003 to 2007, inclusive.
  - (4) Where the debt/deemed debt owing was not outstanding throughout the year, the rate determined in (1), (2), or (3) above is to be pro-rated as follows:

Rate	%

## Number of days in the period during which the debt/deemed debt was owing

Number of days in the year (365 or 366)

\*\*\* Amount of debt/deemed debt owing multiplied by minimum interest rate.