

**MANITOBA CORPORATION TAX CALCULATION  
(2005 and later taxation years)**

Name of corporation	Business Number	<table style="width:100%; border-collapse: collapse;"> <tr> <td style="text-align: center;">Taxation year-end</td> </tr> <tr> <td style="text-align: center;">Year      Month      Day</td> </tr> <tr> <td style="text-align: center;">               </td> </tr> </table>	Taxation year-end	Year      Month      Day	
Taxation year-end					
Year      Month      Day					

- Use this schedule if your corporation had a permanent establishment (as defined in Regulation 400 of the federal *Income Tax Regulations*) in Manitoba and had taxable income earned in the year in Manitoba.
- Under proposed legislation, the general corporation income tax rate of 14.5% and the small business deduction rate of 10% are effective on January 1, 2006. For further information, see Part 3 of this schedule.
- This schedule is a worksheet only. You do not have to file it with the *T2 Corporation Income Tax Return*.

**Part 1 – Calculation of income eligible for the Manitoba small business deduction**

1) If there are days in the taxation year in **2004**, calculate the following:

Amount on line 400 of the T2 return *		A4
Amount on line 405 of the T2 return		B4
Amount on line 425 of the T2 return	× $\frac{360,000}{\text{line 4 on page 4 of the T2 return}}$	C4
Amount A4, B4, or C4, whichever is the least		D4
For credit unions, add the following amount:		
Amount at line D from Schedule 17		
<b>Deduct:</b> amount D4 above		
	Excess (if negative, enter "0")	E4
	Total of amounts D4 and E4	F4
Amount F4	× $\frac{\text{taxable income for Manitoba **}}{\text{taxable income for all provinces ***}}$	G4

2) If the taxation year ends in **2005 or later**, calculate the following:

Amount on line 400 of the T2 return *		A5
Amount on line 405 of the T2 return		B5
Amount on line 425 of the T2 return	× $\frac{400,000}{\text{line 4 on page 4 of the T2 return}}$	C5
Amount A5, B5, or C5, whichever is the least		D5
For credit unions, add the following amount:		
Amount at line D from Schedule 17		
<b>Deduct:</b> amount D5 above		
	Excess (if negative, enter "0")	E5
	Total of amounts D5 and E5	F5
Amount F5	× $\frac{\text{taxable income for Manitoba **}}{\text{taxable income for all provinces ***}}$	G5

\* If the corporation is a member of a partnership, complete Part 2 to calculate income from active business.

\*\* If the corporation has a permanent establishment only in Manitoba, enter the taxable income from line 360 on page 3 of the T2 return. Otherwise, enter the taxable income allocated to Manitoba from column F in Part 1 of Schedule 5.

\*\*\* Includes the territories and the offshore jurisdictions for Nova Scotia and Newfoundland and Labrador.

**Part 2 – Calculation of income from active business when there is partnership income**

1) If there are days in the taxation year in **2004**, calculate the following:

Net amount on line R from Part 4 of Schedule 7 ..... H4

**Deduct partnership income:**

Amount M from Part 3 of Schedule 7 ..... I4

J4	K4	L4	M4
Amounts from column E in Part 2 of Schedule 7	Amounts from column G in Part 2 of Schedule 7 multiplied by $\frac{360,000}{300,000}$	Column J4 minus column K4 (if negative, enter "0")	Lesser of columns J4 and K4 (if column J4 is negative, enter "0")
1.			
2.			
3.			
<b>Total</b>		N4	O4

Amount on line 370 from Part 2 of Schedule 7 . . . P4

Amount on line 380 from Part 2 of Schedule 7 . . . Q4

Sub-total (amount P4 plus amount Q4) ..... R4

Enter amount N4 or amount R4, whichever is less ..... S4

Specified partnership income (amount O4 plus amount S4) ..... T4

Partnership income (amount I4 minus amount T4) ..... U4

**Income from active business in 2004** (amount H4 minus amount U4) ..... V4

(At line A4 on page 1 of this schedule, enter the greater of the amount from line V4 above or from line 400 of the T2 return.)

2) If there are days in the taxation year in **2005 or later**, calculate the following:

Net amount on line R from Part 4 of Schedule 7 ..... H5

**Deduct partnership income:**

Amount M from Part 3 of Schedule 7 ..... I5

J5	K5	L5	M5
Amounts from column E in Part 2 of Schedule 7	Amounts from column G in Part 2 of Schedule 7 multiplied by $\frac{400,000}{300,000}$	Column J5 minus column K5 (if negative, enter "0")	Lesser of columns J5 and K5 (if column J5 is negative, enter "0")
1.			
2.			
3.			
<b>Total</b>		N5	O5

Amount on line 370 from Part 2 of Schedule 7 . . . P5

Amount on line 380 from Part 2 of Schedule 7 . . . Q5

Sub-total (amount P5 plus amount Q5) ..... R5

Enter amount N5 or amount R5, whichever is less ..... S5

Specified partnership income (amount O5 plus amount S5) ..... T5

Partnership income (amount I5 minus amount T5) ..... U5

**Income from active business in 2005 or later** (amount H5 minus amount U5) ..... V5

(At line A5 on page 1 of this schedule, enter the greater of the amount from line V5 above or from line 400 of the T2 return.)

**Part 3 – Calculation of Manitoba tax after the small business deduction and before other credits**

Taxable income for Manitoba *	_____	x	$\frac{\text{Number of days in the taxation year in 2004}}{\text{Number of days in the taxation year}}$	_____	x 15.5% =	_____	A
Amount G4	_____	x	$\frac{\text{Number of days in the taxation year in 2004}}{\text{Number of days in the taxation year}}$	_____	x 10.5% =	_____	B
(amount A minus amount B) .....						=====	▶ _____ C
Taxable income for Manitoba *	_____	x	$\frac{\text{Number of days in the taxation year in 2005}}{\text{Number of days in the taxation year}}$	_____	x 15% =	_____	D
Amount G5	_____	x	$\frac{\text{Number of days in the taxation year in 2005}}{\text{Number of days in the taxation year}}$	_____	x 10% =	_____	E
(amount D minus amount E) .....						=====	▶ _____ F
Taxable income for Manitoba *	_____	x	$\frac{\text{Number of days in the taxation year in 2006}}{\text{Number of days in the taxation year}}$	_____	x 14.5% = **	_____	G
Amount G5	_____	x	$\frac{\text{Number of days in the taxation year in 2006}}{\text{Number of days in the taxation year}}$	_____	x 10% = **	_____	H
(amount G minus amount H) .....						=====	▶ _____ I
Taxable income for Manitoba *	_____	x	$\frac{\text{Number of days in the taxation year after December 31, 2006, \& before July 1, 2007}}{\text{Number of days in the taxation year}}$	_____	x 14.5% =	_____	J
Amount G5	_____	x	$\frac{\text{Number of days in the taxation year after December 31, 2006, \& before July 1, 2007}}{\text{Number of days in the taxation year}}$	_____	x 10.5% =	_____	K
(amount J minus amount K) .....						=====	▶ _____ L
Taxable income for Manitoba *	_____	x	$\frac{\text{Number of days in the taxation year after June 30, 2007}}{\text{Number of days in the taxation year}}$	_____	x 14% =	_____	M
Amount G5	_____	x	$\frac{\text{Number of days in the taxation year after June 30, 2007}}{\text{Number of days in the taxation year}}$	_____	x 10% =	_____	N
(amount M minus amount N) .....						=====	▶ _____ O
<b>Manitoba tax after the small business deduction and before other credits (total of amounts C, F, I, L and O) ***</b> .....						=====	▶ _____ P

\* If the corporation has a permanent establishment only in Manitoba, enter the taxable income from line 360 on page 3 of the T2 return. Otherwise, enter the taxable income allocated to Manitoba from column F in Part 1 of Schedule 5.

\*\* The province of Manitoba proposes to introduce the General Corporation Income Tax rate of 14.5% and the small business deduction rate of 10% as of January 1, 2006. This is earlier than specified in the current legislation.

\*\*\* If the corporation has a permanent establishment in more than one jurisdiction, or is claiming a Manitoba tax credit, enter amount P at line 230 of Schedule 5. Otherwise, enter it at line 760 of the T2 return.