



**SASKATCHEWAN MANUFACTURING AND PROCESSING PROFITS TAX REDUCTION
(2006 and later tax years)**

Name of corporation	Business Number	<table style="width:100%; border-collapse: collapse;"> <tr> <td style="text-align: center;">Tax year-end</td> <td style="text-align: center;">Year</td> <td style="text-align: center;">Month</td> <td style="text-align: center;">Day</td> </tr> <tr> <td style="border-bottom: 1px solid black; width: 10px;"></td> <td style="border-bottom: 1px solid black; width: 10px;"></td> <td style="border-bottom: 1px solid black; width: 10px;"></td> <td style="border-bottom: 1px solid black; width: 10px;"></td> </tr> </table>	Tax year-end	Year	Month	Day				
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- Use this schedule if the corporation had:
 - a permanent establishment (as defined in Regulation 400 of the federal *Income Tax Regulations*) in Saskatchewan at any time in the year;
 - taxable income earned in the year in Saskatchewan; and
 - Canadian manufacturing and processing profits, as defined in subsection 125.1(3) of the federal *Income Tax Act*, earned in Saskatchewan.
- Effective January 1, 2002, Canadian manufacturing and processing profits earned in Saskatchewan include profits from generating or producing electrical energy or steam for sale in Saskatchewan.
- Corporations must claim their Saskatchewan manufacturing and processing profits tax reduction within three years of the filing due date of the T2 return for the applicable tax year.
- This schedule is a worksheet only and does not have to be filed with your *T2 Corporation Income Tax Return*.

Part 1 – Calculation of income eligible for the Saskatchewan manufacturing and processing profits tax reduction

Period before July 1, 2006

If there are days in the tax year that are in the period mentioned above, calculate the income eligible for the Saskatchewan manufacturing and processing profits tax reduction as follows:

Canadian manufacturing and processing profits (amount from line 200 of Schedule 27)*		A2
Deduct: amount E2 from Schedule 411**		B2
Excess (if negative, enter "0")		C2
Taxable income (amount from line 360 of the T2 return)		D2
Deduct:		
Amount E2 from Schedule 411**	F2	
Aggregate investment income (amount from line 440 of the T2 return)**	G2	
Foreign business income tax credit (amount from line 636*** of the T2 return)	H2	
Subtotal (add amounts F2, G2, and H2)	I2	
Excess (if negative, enter "0")		J2
Income eligible for the Saskatchewan manufacturing and processing profits tax reduction in this period (amount C2 or J2, whichever is less)		K2

Period after June 30, 2006, and before July 1, 2007

If there are days in the tax year that are in the period mentioned above, calculate the income eligible for the Saskatchewan manufacturing and processing profits tax reduction as follows:

Canadian manufacturing and processing profits (amount from line 200 of Schedule 27)*		A3
Deduct: amount E3 from Schedule 411**		B3
Excess (if negative, enter "0")		C3
Taxable income (amount from line 360 of the T2 return)		D3
Deduct:		
Amount E3 from Schedule 411**	F3	
Aggregate investment income (amount from line 440 of the T2 return)**	G3	
Foreign business income tax credit (amount from line 636*** of the T2 return)	H3	
Subtotal (add amounts F3, G3, and H3)	I3	
Excess (if negative, enter "0")		J3
Income eligible for the Saskatchewan manufacturing and processing profits tax reduction in this period (amount C3 or J3, whichever is less)		K3

* If the corporation generated or produced electrical energy or steam for sale in Saskatchewan, use the amount from line 210 rather than line 200 of Schedule 27.

** Applies only to corporations that were Canadian-controlled private corporations throughout the tax year.

*** Calculate the amount of foreign business income tax credit deductible at line 636 of the T2 return without reference to the corporate tax reductions under section 123.4 of the federal *Income Tax Act*.

Part 1 – Calculation of income eligible for the Saskatchewan manufacturing and processing profits tax reduction (continued)

Period after June 30, 2007, and before July 1, 2008

If there are days in the tax year that are in the period mentioned above, calculate the income eligible for the Saskatchewan manufacturing and processing profits tax reduction as follows:

Canadian manufacturing and processing profits (amount from line 200 of Schedule 27)*	_____	A4
Deduct: amount E4 from Schedule 411**	_____	B4
Excess (if negative, enter "0")	=====	C4
Taxable income (amount from line 360 of the T2 return)	_____	D4
Deduct:		
Amount E4 from Schedule 411**	_____	F4
Aggregate investment income (amount from line 440 of the T2 return)**	_____	G4
Foreign business income tax credit (amount from line 636*** of the T2 return)	_____ × 3 = _____	H4
Subtotal (add amounts F4, G4, and H4)	=====	I4
Excess (if negative, enter "0")	=====	J4
Income eligible for the Saskatchewan manufacturing and processing profits tax reduction in this period		
(amount C4 or J4, whichever is less)	=====	K4

Period after June 30, 2008

If there are days in the tax year that are in the period mentioned above, calculate the income eligible for the Saskatchewan manufacturing and processing profits tax reduction as follows:

Canadian manufacturing and processing profits (amount from line 200 of Schedule 27)*	_____	A5
Deduct: amount E5 from Schedule 411**	_____	B5
Excess (if negative, enter "0")	=====	C5
Taxable income (amount from line 360 of the T2 return)	_____	D5
Deduct:		
Amount E5 from Schedule 411**	_____	F5
Aggregate investment income (amount from line 440 of the T2 return)**	_____	G5
Foreign business income tax credit (amount from line 636*** of the T2 return)	_____ × 3 = _____	H5
Subtotal (add amounts F5, G5, and H5)	=====	I5
Excess (if negative, enter "0")	=====	J5
Income eligible for the Saskatchewan manufacturing and processing profits tax reduction in this period		
(amount C5 or J5, whichever is less)	=====	K5

* If the corporation generated or produced electrical energy or steam for sale in Saskatchewan, use the amount from line 210 rather than line 200 of Schedule 27.

** Applies only to corporations that were Canadian-controlled private corporations throughout the tax year.

*** Calculate the amount of foreign business income tax credit deductible at line 636 of the T2 return without reference to the corporate tax reductions under section 123.4 of the federal *Income Tax Act*.

Part 2 – Calculation of Saskatchewan manufacturing and processing profits tax reduction

Period before July 1, 2006

If there are days in the tax year that are in the period mentioned above, calculate the following:

Amount K2	_____	x	$\frac{\text{taxable income earned in Saskatchewan}}{\text{taxable income earned in all provinces}^*}$	=	_____	L2
Qualifying reduction rate	7%	x	$\frac{\text{taxable income earned in Saskatchewan}}{\text{taxable income earned in all provinces}^*}$	=	_____	M2
Amount L2 multiplied by amount M2	_____	x	$\frac{\text{number of days in the tax year before July 1, 2006}}{\text{number of days in the tax year}}$	=	_____	N2

Period after June 30, 2006, and before July 1, 2007

If there are days in the tax year that are in the period mentioned above, calculate the following:

Amount K3	_____	x	$\frac{\text{taxable income earned in Saskatchewan}}{\text{taxable income earned in all provinces}^*}$	=	_____	L3
Qualifying reduction rate	4%	x	$\frac{\text{taxable income earned in Saskatchewan}}{\text{taxable income earned in all provinces}^*}$	=	_____	M3
Amount L3 multiplied by amount M3	_____	x	$\frac{\text{number of days in the tax year after June 30, 2006, and before July 1, 2007}}{\text{number of days in the tax year}}$	=	_____	N3

Period after June 30, 2007, and before July 1, 2008

If there are days in the tax year that are in the period mentioned above, calculate the following:

Amount K4	_____	x	$\frac{\text{taxable income earned in Saskatchewan}}{\text{taxable income earned in all provinces}^*}$	=	_____	L4
Qualifying reduction rate	3%	x	$\frac{\text{taxable income earned in Saskatchewan}}{\text{taxable income earned in all provinces}^*}$	=	_____	M4
Amount L4 multiplied by amount M4	_____	x	$\frac{\text{number of days in the tax year after June 30, 2007, and before July 1, 2008}}{\text{number of days in the tax year}}$	=	_____	N4

Period after June 30, 2008

If there are days in the tax year that are in the period mentioned above, calculate the following:

Amount K5	_____	x	$\frac{\text{taxable income earned in Saskatchewan}}{\text{taxable income earned in all provinces}^*}$	=	_____	L5
Qualifying reduction rate	2%	x	$\frac{\text{taxable income earned in Saskatchewan}}{\text{taxable income earned in all provinces}^*}$	=	_____	M5
Amount L5 multiplied by amount M5	_____	x	$\frac{\text{number of days in the tax year after June 30, 2008}}{\text{number of days in the tax year}}$	=	_____	N5

For all periods mentioned above, complete the following:

Saskatchewan manufacturing and processing profits tax reduction (total of amounts N2, N3, N4, and N5) _____ **O**
 Enter amount O at line 626 of Schedule 5.

* Includes the territories, Nova Scotia offshore, and Newfoundland and Labrador offshore.