

T2 CORPORATION INCOME TAX RETURN (1996 and later taxation years)

This form serves as a federal and provincial or territorial corporation income tax return, unless the corporation is located in Quebec, Ontario, or Alberta. If the corporation is located in one of these provinces, you have to file a separate provincial corporate return.

Parts, sections, subsections, and paragraphs mentioned on this return refer to the *Income Tax Act*. This return contains changes that had not yet become law at the time of printing. If you need more information about items on the return, see the *1995 T2 Corporation Income Tax Guide*, or additional information concerning the 1996 Budget and other recent changes, see the *1996 Supplement to the 1995 T2 Corporation Income Tax Guide*.

Send or hand deliver one copy of this completed return, including financial statements and schedules, to your tax services office, or mail it to the tax centre that serves the corporation. You have to file the return within six months of the end of the corporation's taxation year. See items 1 to 5 in the guide for more information on how to file T2 returns.

For departmental use

Identification

<p>Name of corporation (item 12) Has the corporation changed its name since the last return filed? Yes <input type="checkbox"/> No <input type="checkbox"/> If yes, please attach a photocopy of the article of amendment.</p>	
<p>Account number (item 12) Business Number (BN) or _____ RC</p>	<p>To which taxation year does this return apply? (item 18) From _____ 19____ to _____ 19____ Day Month Year Day Month Year</p> <p>Does the taxation year begin and end on the same dates as last year? Yes <input type="checkbox"/> No <input type="checkbox"/> If no, why has the taxation year changed? _____</p> <p>If the reason is an acquisition of control, when was control acquired? _____ 19____ Day Month Year</p>
<p>Address of head office (item 13) _____ City and province or territory Postal code</p>	
<p>Mailing address (if different from head-office address)(item 13) c/o _____ 1 <input type="checkbox"/> _____ City and province or territory Postal code</p>	
<p>Location of books and records Address _____ City and province or territory Postal code Name of person to contact _____ Telephone number Area code _____</p>	
<p>Is the corporation a resident of Canada? (item 14) 2 Yes <input type="checkbox"/> 1 No <input type="checkbox"/> If no, give the country of residence. _____</p>	
<p>Is this the first year of filing? (item 15) Yes <input type="checkbox"/> No <input type="checkbox"/> If yes, give the date of incorporation or amalgamation, as it applies. Date of incorporation Date of amalgamation _____ 19____ _____ 19____ Day Month Year Day Month Year</p>	
<p>Is this the final taxation year before amalgamation? (item 16) Yes <input type="checkbox"/> No <input type="checkbox"/></p>	
<p>Is this the final return up to dissolution? (item 17) Yes <input type="checkbox"/> No <input type="checkbox"/></p>	
<p>Is the corporation exempt from tax under paragraph 149(1)(e), (j), or (l)? (item 20) (please specify which one) _____</p>	
<p>What is the corporation's major business activity? (item 21) (If the corporation is inactive, say so.) _____</p> <p>Has the major business activity changed since the last return was filed? 2 Yes <input type="checkbox"/> 1 No <input type="checkbox"/> If the major activity involves the resale of goods, indicate whether it is wholesale or retail. wholesale <input type="checkbox"/> retail <input type="checkbox"/></p> <p>Specify the principal product(s) mined, manufactured, sold, constructed, or services provided, giving the approximate percentage of the total revenue that each product or service represents.</p> <p>1. _____ % 2. _____ % 3. _____ %</p>	
<p>Language of correspondence Please indicate the language of your choice. 1 English / Anglais <input type="checkbox"/></p>	
<p>Langue de correspondance Indiquer la langue de correspondance de votre choix. 2 Français / French <input type="checkbox"/></p>	

Attachments

Financial statements - These include a balance sheet, an income statement, any notes to the financial statements, and an auditor's report if it applies.

Schedules - Answer the following questions. For each yes response, attach to the T2 return the schedule that applies.

Guide item	Information schedules	Yes	Schedule
22	Is the corporation associated with any other corporations?	<input type="checkbox"/>	T2013*
24	Is the corporation related to any other corporations?	<input type="checkbox"/>	T2S(9)
25	Has the corporation had any transactions, including section 85 transfers, with its shareholders, officers, or employees, other than transactions in the ordinary course of business? Exclude non-arm's-length transactions with non-residents.	<input type="checkbox"/>	T2S(11)
26	If you answered yes to the above question, and the transaction was between corporations not dealing at arm's length, were all or substantially all of the assets of the transferor disposed of to the transferee?	<input type="checkbox"/>	T2S(11)(A)
27	Has the corporation paid any royalties, management fees, or other similar payments to residents of Canada?	<input type="checkbox"/>	T2S(14)
28	Is the corporation claiming a deduction for payments to a type of employee benefit plan?	<input type="checkbox"/>	T2S(15)
29	Is this the first return of a new corporation, an amalgamated corporation, or a parent corporation after winding up a subsidiary?	<input type="checkbox"/>	T2S(24)
30	Is the corporation claiming a loss or deduction from a tax shelter acquired after August 31, 1989?	<input type="checkbox"/>	T5004*
31	Is the corporation a member of a partnership for which a partnership identification number has been assigned?	<input type="checkbox"/>	T5013*
33	Does the corporation have any non-resident shareholders?	<input type="checkbox"/>	T2S(19)
34	Did the corporation, a foreign affiliate controlled by the corporation, or any other corporation or trust that did not deal at arm's length with the corporation have a beneficial interest in a non-resident discretionary trust?	<input type="checkbox"/>	T2S(22)
35	Did the corporation have any foreign affiliates during the year?	<input type="checkbox"/>	T2S(25)
36	Has the corporation made certain payments to non-residents of Canada for which the appropriate NR4B, T4-T4A, or T4A-NR return has not been filed?	<input type="checkbox"/>	T2S(29)
37	Is the corporation deducting an expense for advertising in a non-Canadian newspaper or periodical, or for advertising on a foreign broadcasting station?	<input type="checkbox"/>	T2S(30)
38	Has the corporation had any non-arm's-length transactions with a non-resident?	<input type="checkbox"/>	T106*
Calculation schedules			
39	Is the net income shown on the financial statements different from the net income for income tax purposes?	<input type="checkbox"/>	T2S(1)
40	Has the corporation realized any capital gains or incurred any capital losses during the taxation year?	<input type="checkbox"/>	T2S(6)*
41	Does the corporation have any property that is eligible for capital cost allowance?	<input type="checkbox"/>	T2S(8)*
42	Does the corporation have any property that is eligible capital property?	<input type="checkbox"/>	T2S(8)(A)*
43	Does the corporation have an earned depletion base?	<input type="checkbox"/>	T2S(12)
44	Is the corporation claiming reserves of any kind?	<input type="checkbox"/>	T2S(13)
45	Is the corporation claiming a patronage dividend deduction?	<input type="checkbox"/>	T2S(16)*
46	Is the corporation a credit union claiming a deduction for allocations in proportion to borrowing?	<input type="checkbox"/>	T2S(17)
47	Is the corporation claiming any scientific research and experimental development expenditures?	<input type="checkbox"/>	T661*
55,56	Has the corporation made any charitable donations, gifts to Canada or a province, or gifts of cultural or ecological property? ..	<input type="checkbox"/>	T2S(2)
57	Has the corporation received any dividends or paid any taxable dividends for purposes of the dividend refund?	<input type="checkbox"/>	T2S(3)*
59	Is the corporation claiming any non-capital, net capital, farm, limited partnership, or restricted farm losses?	<input type="checkbox"/>	T2S(4)
66	Is the corporation adding an amount to taxable income for foreign deductions under section 110.5?	<input type="checkbox"/>	T2S(28)
68	If it is a Canadian-controlled private corporation, does the corporation have both investment income and income from an active business carried on in Canada, including active business income from a partnership(s)?	<input type="checkbox"/>	T2S(7)*
69	Does the corporation have any Canadian manufacturing and processing profits?	<input type="checkbox"/>	T2S(27)*
74	Is the corporation claiming any federal foreign tax credits?	<input type="checkbox"/>	T2S(21)*
74	Is the corporation claiming a federal logging tax credit?	<input type="checkbox"/>	T2S(21)*
76	Is the corporation claiming an investment tax credit?	<input type="checkbox"/>	T2038(CORP)*
77	Is the corporation claiming a Part VI tax credit or a Part I tax credit?	<input type="checkbox"/>	T921*
78	Is the corporation claiming a Part I.3 tax credit or a surtax credit?	<input type="checkbox"/>	T962*
85	Is the corporation subject to Part I.3 tax (before deduction of any surtax credit)?	<input type="checkbox"/>	T2147/8/9*
85	Is the corporation a member of a related group with one or more members subject to Part I.3 tax (before deduction of any surtax credit)?	<input type="checkbox"/>	T2150*
87	Is the corporation paying Part IV.1 tax on preferred share dividends received?	<input type="checkbox"/>	T761*
88	Is the corporation subject to Part VI tax on capital of financial institutions (before deduction of any Part I tax credit or surtax credit)?	<input type="checkbox"/>	T2044*
89	Is the corporation paying Part VI.1 tax on dividends paid on taxable preferred shares?	<input type="checkbox"/>	T761*
90	Was the corporation carrying on business in Canada while not a Canadian corporation?	<input type="checkbox"/>	T2S(20)
92	Does the corporation have a permanent establishment in more than one jurisdiction?	<input type="checkbox"/>	T2S-TC*
107	Is the corporation an investment corporation or a mutual fund corporation?	<input type="checkbox"/>	T2S(18)
108	Is the corporation a non-resident-owned investment corporation claiming an allowable refund?	<input type="checkbox"/>	T2S(26)

* We print this schedule, which is available at your Revenue Canada tax services office or tax centre.

Additional information

1. For a Canadian-controlled private corporation, provide the following information on the shareholders that hold the most voting shares.

Name of shareholder(s)	Social insurance or account / Business Number	% of voting shares held
		%
		%
		%

2. What was the total remuneration, including salaries, wages, bonuses, and commissions, that was paid to employees during the taxation year? Do not include management salaries included on line 3 below, or employee benefits included on line 4 below. _____ 2
3. What was the total of management salaries, including bonuses and directors' fees, that was paid during the taxation year to corporate owners acting as officers, directors, etc.? _____ 3
4. What was the total amount of employee benefits paid during the taxation year? _____ 4
5. How many employees did the corporation have at the end of the taxation year? _____ 5
6. What is the employer's remittance account number? If the corporation has more than one number, provide any one of those numbers. _____

Taxable income and base amount of Part I tax

Net income or loss for income tax purposes from financial statements or T2S(1) (items 39 and 54) 111 _____

Deduct:

Charitable donations 113 _____	Maximum allowable (item 55) 115 _____
Crown, cultural, and ecological gifts (item 56) _____	117 _____
Taxable dividends deductible under section 112 or 113, or both (item 57) _____	119 _____
Part VI. 1 tax _____ X 9/4 (item 58) _____	120 _____
Restricted farm losses of prior taxation years from T2S(4) (item 60) _____	121 _____
Non-capital and limited partnership losses of prior taxation years from T2S(4) (items 61 and 62) _____	123 _____
Net capital losses of prior taxation years from T2S(4) (item 63) _____	125 _____
Farm losses of prior taxation years from T2S(4) (item 64) _____	126 _____

Taxable income (item 65) 127 _____

Addition to taxable income for foreign tax deductions from T2S(28) (item 66):

Line 127 _____ + Addition _____ = Adjusted taxable income _____ A

Base amount of Part I tax (item 67)

38% of line 127 (or amount A above, if it applies) (enter this amount on line A on page 5) 202 _____

Small business deduction (item 68)

Canadian-controlled private corporations throughout the taxation year

Income from active business carried on in Canada from T2S(7) 223 _____ A

Taxable income from line 127 above **minus** 10/3 of (line 211* calculated without reference to line 212), and 10/4 of line 213 on page 5, and **minus** any amount that, because of federal law, is exempt from Part I tax 225 _____ B

Business limit (for associated corporations, enter business limit from Form T2013) 227 _____ C

Reduction to business limit :

Amount C _____ X 229 ** _____ D = _____ E

230 *** _____

Reduced business limit (amount C **minus** amount E) (If negative, enter nil) _____ F

Small business deduction – 16% of the least of amounts A, B, and C (or F, if it applies) 231 _____ G

(enter amount G on line 8 on page 5)

* For the purpose of reducing the taxable income for the small business deduction, complete a hypothetical calculation of line 211, calculated without reference to the refundable tax on CCPC's investment income (line 212) and reduce the taxable income by 10/3 of this amount.

** **Large corporation tax for preceding year** – Enter the total gross Part I.3 tax for the corporation for its preceding taxation year, before deducting the surtax credits, increased to reflect a full-year tax liability if the prior year is less than 51 weeks. For associated corporations, see Form T2013 for the special rules that apply, and enter the total of column 6 from that form.

*** Enter 10,000 on line 230, or enter 11,250 where a corporation's preceding taxation year began after February 27, 1995. For associated corporations the amount of 11,250 will also apply where a particular corporation is associated with one or more other corporations in a particular taxation year that ends in a calendar year and the last taxation year of the particular corporation and each of the other corporations that ended in the preceding calendar year began after February 27, 1995. Where the preceding taxation year of a particular corporation or any associated corporation began before February 28, 1995, calculate amount D without reference to the rate increase under subsection 181.1(1).

Manufacturing and processing profits deduction (item 69)

All eligible corporations that have such profits

Canadian manufacturing and processing profits from T2S(27)	233			
Deduct the least of amounts on lines 223, 225, and 227 (or line F, if it applies) on page 3				A
Taxable income from page 3				
Deduct the total of:				
1. The least of amounts on lines 223, 225, and 227 (or line F, if it applies) on page 3				
2. For Canadian-controlled private corporations throughout the taxation year, the aggregate investment income from line 247 below				
3. Foreign business income tax credit from line 213 on page 5				
				B
Manufacturing and processing profits deduction – 7% of the lesser of amounts A and B above				C
(Enter amount C on line 9 on page 5.)				243

Refundable portion of Part I tax (item 70)

Canadian-controlled private corporations throughout the taxation year

Aggregate investment income from line S on Schedule T2S(7)	247			
				A
Foreign non-business income tax credit from line 211 on page 5				
Deduct:				
Foreign investment income from line R on Schedule T2S(7)				
				B
Amount A minus amount B (if negative, enter nil)				C
Taxable income from page 3				
Deduct:				
Least of amounts on lines 223, 225, and 227 (or line F, if it applies) on page 3				
Foreign non-business income tax credit from line 211 on page 5				
Foreign business income tax credit from line 213 on page 5				
				D
				D
For taxation years that straddle June 30, 1995: (calculate amounts E and F)				
Lesser of amounts C and D				E
Deduct: Amount E				
				F
Net amount				F
Part I tax payable minus investment tax credit refund (line H on page 5 minus line 146 on page 7)				
Deduct corporate surtax from line 209 on page 5				G
Net amount				G
Refundable portion of Part I tax – the least of amounts C, D and G (or F, if it applies)				261

Part I tax

Base amount of Part I tax from line 202 on page 3 A

Corporate surtax calculation (item 71)

Base amount from line A above 1

Deduct:

10% of taxable income from page 3 2

Investment corporation deduction from line 203 below 3

Federal logging tax credit from line 215 below 4

For a mutual fund corporation or an investment corporation throughout the taxation year, enter the least of a, b, and c below on line 5:

28% of taxable income a 5

28% of taxed capital gains b 5

Part I tax otherwise payable (line A minus line G) c 5

Total of lines 2 to 5 6

Net amount (line 1 minus line 6) 7

Line 7 X $\frac{\text{number of days in the taxation year before Feb. 28, 1995}}{\text{number of days in the taxation year}}$ X 3% = B

Line 7 X $\frac{\text{number of days in the taxation year after Feb. 27, 1995}}{\text{number of days in the taxation year}}$ X 4% = C

Corporate surtax - Line B plus line C 209 D

Refundable tax on Canadian-controlled private corporation's investment income calculation (for a CCPC throughout the taxation year) (item 71)

Aggregate investment income from line 247 on page 4 i

Taxable income from page 3 ii

Deduct the least of amounts on lines 223, 225, and 227 (or line F, if it applies) on page 3 ii

Net amount ii

Lesser of amounts i and ii above X $\frac{\text{number of days in the taxation year after June 30, 1995}}{\text{number of days in the taxation year}}$ = iii

Refundable tax on CCPC's investment income - 6 2/3 % of line iii 212 E

Subtotal (line A plus line D plus line E) F

Deduct:

Small business deduction from line 231 on page 3 8

Investment corporation deduction (item 72) 203 (Taxed capital gains 205)

Additional deduction - Credit unions (item 73) 206

Federal tax abatement (item 74) 207

Manufacturing and processing profits deduction from line 243 on page 4 9

Federal foreign non-business income tax credit from T2S(21) (item 75) 211

Federal foreign business income tax credit from T2S(21) (item 75) 213

Federal logging tax credit from T2S(21) (item 75) 215

Federal political contribution tax credit (item 76) 217

Federal political contributions (attach receipts) 219

Investment tax credit from T2038(CORP) (item 77) 221

Part VI tax credit from T921 (item 78) 224

Part I.3 tax credit from T962 (item 79) 226

Subtotal G

Part I tax payable - Line F minus line G (item 80) H (Enter on line 129 on page 7)

Part IV tax on taxable dividends received (item 81)

Private and subject corporations at the time taxable dividends were received in the taxation year

Taxable dividends received in the taxation year after June 30, 1995 from column 6 of T2S(3)	404				
Deduct total non-capital and/or farm losses claimed for purposes of Part IV from T2S(4)	406				
Taxable amount (if negative, enter nil)					A

Part IV tax payable					
Deduct Part IV.1 tax payable, if any, on dividends included in line 404 (Form T761)	419				
Part IV tax payable at the 33.33% rate					B

Taxable dividends received in the taxation year before July 1, 1995 from column 5 of T2S(3)	405				
Deduct non-capital and/or farm losses claimed for purposes of Part IV from T2S(4) line 406 minus 404 (if negative, enter nil)					
Taxable amount (if negative, enter nil)					C

Part IV tax payable					
Deduct Part IV.1 tax payable, if any, on dividends included in line 405 (Form T761)	418				
Part IV tax payable at the 25% rate					D

Total Part IV tax payable – Line B plus line D

(Enter on line 131 on page 7.)

Refundable dividend tax on hand (item 82)

Refundable dividend tax on hand at the end of the preceding taxation year	409				
Deduct dividend refund for the previous taxation year	410				
					A

Add the total of:

Refundable portion of Part I tax from line 261 on page 4					
Total Part IV tax payable					
Net refundable dividend tax on hand transferred from a predecessor corporation on amalgamation, or from a wound-up subsidiary corporation	465				
					B

Refundable dividend tax on hand at the end of the taxation year – Line A plus line B

411

Dividend refund (item 83)

Private and subject corporations at the time taxable dividends were paid in the taxation year

Taxable dividends paid in the taxation year after June 30, 1995 from page 2 of Form T2S(3)	424				
					A

Taxable dividends paid in the taxation year before July 1, 1995 from page 2 of Form T2S(3)	414				
					B

Subtotal - Line A plus line B

C

Refundable dividend tax on hand at the end of the taxation year from line 411 above

D

Total dividend refund - Lesser of amounts C and D

(Enter on line 147 on page 7.)

