

**AGREEMENT AMONG ASSOCIATED CANADIAN-CONTROLLED PRIVATE CORPORATIONS TO ALLOCATE THE EXPENDITURE LIMIT (2003 and later taxation years)**

- Use this schedule to allocate the annual expenditure limit among associated Canadian-controlled private corporations (CCPCs), (subsection 127(10.2) of the *Income Tax Act*), in order to calculate the investment tax credit eligible for the 35% rate on qualifying scientific research and experimental development expenditures.
- An associated CCPC that has more than one taxation year ending in a calendar year is required to file an agreement for each taxation year ending in that calendar year.

**Column 1:** Enter the legal name of each of the corporations in the associated group, including CCPCs and non-CCPCs.  
**Column 2:** Provide the Business Number for each corporation in column 1 (if a corporation is not registered, enter "NR").  
**Column 3:** Enter the code that applies for each corporation identified in columns 1 and 2:  
 1 – CCPC  
 2 – Non-CCPC

**Column 4:** Enter the amount of the expenditure limit allocated to each corporation that has type of corporation code 1 in column 3. The rules for determining the total expenditure limit that can be allocated, (subsection 127(10.2) of the *Income Tax Act*), are explained below.

**Allocation of expenditure limit**

Date filed (do not use this area) ..... **025**

Year	Month	Day

Enter the calendar year to which the agreement applies ..... **050**

Year

Is this an amended agreement for the above-noted calendar year that is intended to replace an agreement previously filed by any of the associated corporations listed below? ..... **075** 1 Yes  2 No

	1 Names of associated corporations  <b>100</b>	2 Business Number of associated corporations  <b>200</b>	3 Type of corporation code  <b>300</b>	4 Expenditure limit allocated* \$ <b>400</b>
1.				
2.				
3.				
4.				
5.				
6.				

**Total expenditure limit** (cannot be more than \$2,000,000) **410**

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**The total expenditure limit is calculated as follows:**

(\$5,000,000\*\* minus 10A) × B divided by C where,

**A** = the greater of:

- \$300,000\*\*; and
- the total of all taxable incomes (prior to any loss carry-backs applied) of all associated corporations identified in columns 1 and 2 for their last taxation years\*\*\* ending in the preceding calendar year;

**B** = the total of the reduced business limits for the year\*\*\* from line 425 in the small business deduction area of the T2 return for each of the associated CCPCs; and

**C** = the total of all business limits allocated to each associated corporations identified in columns 1 and 2 above (amount A from Schedule 23).

Amount A **425** \_\_\_\_\_ Amount B **450** \_\_\_\_\_ Amount C **475** \_\_\_\_\_

\* If a CCPC has more than one taxation year ending in a calendar year and is associated in more than one of those years with another CCPC that has a taxation year ending in the same calendar year, the expenditure limit for the second (and subsequent) taxation year(s) will be equal to the expenditure limit allocated for the first taxation year ending in the calendar year.

\*\* If your taxation year immediately follows a taxation year that ended before 2003, the references to \$5,000,000 and \$300,000 in the above calculation, should be \$4,000,000 and \$200,000 respectively.

\*\*\* If any of the taxation years referred to in A or B above are less than 51 weeks, gross up the taxable incomes and the business limits for those taxation years by the ratio that 365 is of the number of days in those taxation years. Use these grossed up amounts when applying the formula above.