Canada Revenue Agency / Agence du revenu du Canada

SCHEDULE 49
Code 0701

AGREEMENT AMONG ASSOCIATED CANADIAN-CONTROLLED PRIVATE CORPORATIONS TO ALLOCATE THE EXPENDITURE LIMIT (2007 and later tax 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 tax year ending in a calendar year is required to file an agreement for each tax year ending in that calendar year.

Column 1: Enter the legal name of each corporation 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.

Allocating the 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 **100**	2 Business Number of associated corporations **200**	3 Type of corporation code **300**	4 Expenditure limit allocated* $ **400**
1.				
2.				
3.				
4.				
5.				
6.				

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

The total expenditure limit is calculated as follows:

($6,000,000** minus 10A) × B divided by C where,

A = the greater of:
- $400,000**; 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 tax 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 corporation identified in columns 1 and 2 above (amount A from Schedule 23).

Amount A **425** ______ Amount B **450** ______ Amount C **475** ______

* Special rules apply if a CCPC has more than one tax year ending in a calendar year and is associated in more than one of those years with another CCPC that has a tax year ending in the same calendar year. In this case, the expenditure limit for the second (and subsequent) tax year(s) will be equal to the expenditure limit allocated for the first tax year ending in the calendar year.

** If your tax year immediately follows a tax year that ended before 2007, the references to $6,000,000 and $400,000 in the above calculation, should be $5,000,000 and $300,000 respectively.

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