AGREEMENT AMONG ASSOCIATED CANADIAN-CONTROLLED PRIVATE CORPORATIONS TO ALLOCATE THE EXPENDITURE LIMIT (1998 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 federal *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 (if a corporation is not registered, enter "NR").

Column 3: Enter the code that applies for each corporation:
1 – CCPC
2 – Non-CCPC

Column 4: Enter the amount of the expenditure limit allocated to each corporation that has a 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 federal *Income Tax Act*), are explained below.

Column 5: Complete this column for a CCPC that 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. Enter the taxation year to which this agreement applies.

Allocation of expenditure limit

Date filed (for departmental use only) . . . . **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**	5 Taxation year end to which this agreement applies (YYYY/MM/DD) **500**
1.					
2.					
3.					
4.					
5.					
6.					

The total expenditure limit is calculated as follows:

Total expenditure limit **410** ____________

($4,000,000 minus 10A) × B divided by $200,000, where

A = the greater of:
- $200,000; 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 from line 425 in the small business deduction area of the T2 return for each of the CCPC's first taxation years that end in the calendar year of this agreement (see note below).

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.

Amount A **425** ____________ Amount B **450** ____________

Note: 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, subject to proration if the taxation year is less than 51 weeks.