

CALCULATION OF PARTS IV.1 AND VI.1 TAXES PAYABLE

Name of corporation	Account / Business Number	Taxation year-end		
		Day	Month	Year

- Use this form to calculate the corporation's Part IV.1 tax for dividends received on taxable preferred shares and taxable RFI shares, and its Part VI.1 tax for dividends paid on short-term preferred shares and taxable preferred shares. Restricted Financial Institution (RFI), taxable RFI shares, taxable preferred shares and short-term preferred shares are terms defined under subsection 248(1) of the federal *Income tax Act*.
- File one completed copy of this form with the corporation's T2 return within 6 months of the end of the taxation year, if Part IV.1 or VI.1 taxes are payable.
- Corporations without taxable income and with Parts IV.1 or VI.1 taxes payable that have a permanent establishment in more than one jurisdiction have to complete columns B and D in Part I of Form T2S-TC.
- Parts, sections, subsections, and paragraphs referred to on this form are from the federal *Income Tax Act*.
- For more information, see the *T2 Corporation Income Tax Guide*.

Box 1 – Calculation of dividend allowance

For taxation years shorter than 51 weeks, prorate the dividend allowance by the number of days in the taxation year divided by 365. Paragraph 191.1(6)(b) provides a special rule for a corporation with two or more taxation years ending in the same calendar year during which it is associated with another taxable Canadian corporation.

Basic dividend allowance	\$500,000
Minus: Taxable dividends (other than excluded dividends under subsections 191(1), 191(4) and 191(5)) to the extent the total exceeds \$1,000,000 that were paid in the immediately preceding calendar year on taxable preferred shares or shares that would be taxable preferred shares if they were issued after June 18, 1987, and were not grandfathered shares (subsection 191.1(2))	_____ A
Dividend allowance ("Total dividend allowance" for associated corporations)	_____ B

Associated corporations

If a corporation is associated with one or more corporations, allocate the total dividend allowance (amount B) among associated corporations, under subsection 191.1(3), as indicated below. The amount that is more than \$1,000,000 (amount A) includes non-excluded dividends paid on taxable preferred shares in the preceding calendar year by all associated corporations (subsection 191.1(4)). Each corporation in the group that has paid taxable dividends on taxable preferred shares in the year has to file an agreement. If the agreement is not filed within 30 days after written notification that such an agreement is required, the Minister will determine the allocation of the total dividend allowance for the year (subsection 191.1(5)).

Allocation of total dividend allowance

<u>Names of corporations (print)</u>	<u>Account / Business Numbers</u>	<u>Dividend allowance allocated</u>
_____	_____	\$ _____
_____	_____	\$ _____
_____	_____	\$ _____
_____	_____	\$ _____
_____	_____	\$ _____
_____	_____	\$ _____
_____	_____	\$ _____
_____	_____	\$ _____
Total (cannot be more than amount B)		\$ _____

If you need more space, please attach a separate list.

Agreement

It is hereby agreed that the total dividend allowance is to be allocated as shown above for the taxation year 19 ____.

<u>Name of corporation</u>	<u>Signature of authorized officer</u>	<u>Position or office</u>	<u>Date</u>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

Box 2 – Calculation of Part VI.1 Tax

Complete the calculation of the dividend allowance in box 1 on reverse.

1) Dividend allowance – amount B (from box 1 on reverse) or, if associated, the amount allocated A
Taxable dividends (other than excluded dividends under subsections 191(1), 191(4),
and 191(5)) paid in the year on short-term preferred shares B
Minus the lesser of amounts A and B C
66 2/3% X D = E

2) Taxable dividends (other than excluded dividends) paid in the year on taxable
preferred shares (other than short-term preferred shares) of all classes for which
the corporation has made an election under subsection 191.2(1) (Form T769) F
Minus the lesser of: (i) Amount A
 Minus amount C

(ii) Amount F G
40% X H = I

3) Taxable dividends (other than excluded dividends) the corporation paid in the
year on taxable preferred shares (other than short-term preferred shares) and
did not elect under subsection 191.2(1) J
Minus the lesser of: (i) Amount A
 Minus Amount C
 Amount G

(ii) Amount J K
25% X L = M

4) Complete this calculation if the corporation has made an agreement under section
191.3 under which a corporation agrees to pay all or part of a related corporation's
Part VI.1 tax otherwise payable for the year (complete and file Form T770).
Part VI.1 tax transferred from related corporation N
Part VI.1 tax transferred to related corporation O
Total Part VI.1 tax payable : The total of amounts E, I, M, and N
 Minus: Amount O
 Enter on line 133 on page 8 of the T2 return

Note: Part VI.1 tax payable has the same installment requirements and balance due date as Part I tax payable.

Box 3 – Calculation of Part IV.1 Tax

This tax does not apply to dividends received by financial intermediary corporations or corporations that were,
at the time the dividends were received, private corporations.

Taxable dividends (other than excepted dividends under section 187.1 and subsections 191(4) and 191(5))
received in the year on taxable preferred shares (other than a share of a class for which the corporation
has made an election under subsection 191.2(1)) P

Taxable dividends (other than excepted dividends) received in the year by a restricted financial
institution on taxable RFI shares (section 187.3) (See the definition of a "taxable RFI share" in
subsection 248(1)) Q
Total dividends subject to Part IV.1 tax (total of amount P and amount Q) R

Part IV.1 tax amount R X 10% = S
(Enter amount S on line 132 on page 8 of the T2 return)

Portion of dividends included in R that are also subject to Part IV tax X 10% = T
(Enter amount T on line 418 and/or 419 on page 7 of the T2 return)

Note 1: Part IV.1 tax only applies if the dividend in question was deductible under section 112 or 113, or under subsection 138(6) or 115(1).
Note 2: Part IV.1 tax payable is due on or before the last day of the second month following the end of the taxation year.