



FORWARD AVERAGING TAX CREDITS FOR 1990

- One copy of this form is to be attached to the T1 General Individual Income Tax Return and filed not later than April 30, 1991 or, in the case of a deceased taxpayer, by the later of April 30, 1991 or within 6 months from the date of death.
- For use by an individual who was resident in Canada throughout 1990 and who elects under subsection 110.4(2) of the Income Tax Act to reduce the individual's Accumulated Averaging Amount.
- If an individual who died in 1990 was resident in Canada throughout the period commencing on January 1, 1990 and ending on the date of death, the individual is deemed for the purposes of subsection 110.4(2) to have been resident in Canada throughout 1990.
- In a taxation year in which an individual resident in Canada dies, all or any portion of the deceased taxpayer's Accumulated Averaging Amount at the end of the immediately preceding year may be added in computing the deceased's taxable income for the year of death. This form may be used to specify what amount, if any, of such Accumulated Averaging Amount is to be taxed in the year of death. Any balance remaining in the deceased's Accumulated Averaging Amount at the end of the year of death may be taxed under special provisions. Form T541, which provides for the required calculations, is available at any District Taxation Office.
- Block averaging is not permitted for a taxation year to a taxpayer who is a farmer or fisherman if, in that year or in any of the preceding years included in an averaging period of the taxpayer under section 119 of the Act, an amount has been added or deducted for forward averaging purposes in computing taxable income of the taxpayer.
- In computing Taxable income for 1990 "non-capital losses" and "farm losses" for the year will be offset against the Accumulated Averaging Amount Withdrawal specified for that year in this election. In other words, if the Net Income amount is negative for 1990 as a result of a "non-capital loss" or "farm loss" for that year, such loss(es) will be reduced by the Accumulated Averaging Amount Withdrawal specified for the year in this election.

NAME IN FULL (Print)	SOCIAL INSURANCE NUMBER										
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STEP I – CALCULATION OF ACCUMULATED AVERAGING AMOUNT AT THE END OF 1989

- | | | |
|-----|---|-------|
| (1) | Accumulated Averaging Amount at the end of 1988 | _____ |
| (2) | Deduct: Accumulated Averaging Amount Withdrawal, if any, specified for 1989 | _____ |
| (3) | Sub total | _____ |
| (4) | Accumulated Averaging Amount at the end of 1989 (line (3) X 1.047) | ===== |

NOTE: If, in the case of a taxpayer, who died in 1990, no portion of the amount at line (4) is to be withdrawn from the taxpayer's Accumulated Averaging Amount for the purpose of line (6) below, proceed directly to STEP III and enter NIL at line (8). Obtain form T541 if an election to carryback the balance remaining in the Accumulated Averaging Amount at the end of the year of death has been made by the legal representative.

STEP II – 1990 ACCUMULATED AVERAGING AMOUNT WITHDRAWAL

- | | | |
|-----|---|---------------|
| (5) | Net income at line (236) on page 2 of T1 Return (Negative in brackets) | _____ |
| (6) | Add: Accumulated Averaging Amount Withdrawal (all or any portion of line (4)) | _____ |
| (7) | Total of lines (5) and (6) | _____ + _____ |

NOTES: (i) If the amount at line (7) is positive, enter that amount at line (239) of the T1 Return.
(ii) If the amount at line (7) is negative, enter NIL at line (239) of the T1 Return.

STEP III – CALCULATION OF FEDERAL AND PROVINCIAL FORWARD AVERAGING TAX CREDITS FOR 1990

- | | | |
|------|--|---------|
| (8) | Enter amount at line (6) (if applicable) | _____ |
| (9) | For deceased taxpayer only: Add: amount (C) from line (3) on page 1 of form T541 (if applicable) | _____ |
| (10) | Total Accumulated Averaging Amount Withdrawal (add lines (8) and (9)) | ===== |
| (11) | Federal Forward Averaging Tax Credit: Amount at line (10) X 29 % | _____** |
| (12) | Add: Provincial Forward Averaging Tax Credit (from line (14)) | _____ |
| (13) | Total Forward Averaging Tax Credit: Enter on line (478) (on page 4) of T1 Return | ===== |

** A deemed resident of Canada, who was not resident in a province or territory on December 31 of the taxation year, may increase the amount at line (11) by 52 % thereof.

NOTE: The amount at line (11) must be deducted from the Basic Federal Tax line of the Federal Individual Surplus Calculation. (on Schedule 1)

FOR QUEBEC RESIDENTS ONLY

Basic Federal Tax from Schedule 1	\$ _____	(A)	NOTE: a) If amount (C) is positive, subtract 16.5% of amount (B) from the amount at line (440) of Schedule 1.
Subtract: Amount at line (11) above	_____	(B)	b) If amount (C) is negative, reduce the amount at line (11) above by 16.5%.
Difference	± _____	(C)	

STEP IV – CALCULATION OF PROVINCIAL FORWARD AVERAGING TAX CREDIT

(14) Enter amount at line (11) _____ X

- ① Newfoundland (62 %) _____
- ② Prince Edward (57 %) _____ (D)
- ③ Nova Scotia (59.5 %) _____ (E)
- ④ New Brunswick (60 %) _____
- ⑤ Ontario (53 %) _____ (F)
- ⑥ Manitoba (52 %) _____
- ⑦ Saskatchewan (50 %) _____
- ⑧ Alberta (46.5 %) _____
- ⑨ British Columbia (51.5 %) _____
- ⑩ Northwest Territories (44 %) _____
- ⑪ Yukon Territory (45 %) _____

NOTE: a) Select your Province or Territory of residence on December 31, 1990.
 b) Enter your provincial forward averaging tax credit on line (12).
 c) Residents of Prince Edward Island and Nova Scotia may not use the provincial portion of Schedule 1. Compute provincial taxes payable to these provinces below.
 d) Residents of Ontario, compute provincial taxes below.
 e) Compute the taxes payable to Prince Edward Island and Ontario on form T541 if an election to carryback the balance remaining in the Accumulated Averaging Amount at the end of the year of death has been made by the legal representative.

PRINCE EDWARD ISLAND

Basic Prince Edward Island Income Tax: 57 % of Basic Federal Tax (G)
 Add: Prince Edward Island Surtax: 10 % of (amounts (G) – (D) in excess of \$12,500.00) _____
 Adjusted Prince Edward Island Income Tax _____
 Subtract: Provincial Foreign Tax Credit (form T2036) _____
 Prince Edward Island Tax (enter on line (423) on page 4 of the T1 Return) _____

NOVA SCOTIA

Basic Nova Scotia Income Tax: 59.5 % of Basic Federal Tax (H)
 Add: Nova Scotia Surtax: 10 % of (amounts (H) – (E) in excess of \$10,000.00) _____
 Adjusted Nova Scotia Income Tax _____
 Subtract: Provincial Foreign Tax Credit (form T2036) _____
 Nova Scotia Tax (enter on line (423) on page 4 of the T1 Return) _____

ONTARIO

Basic Ontario Income Tax: 53 % of Basic Federal Tax (I)
 Add: Ontario Surtax: 10 % of (amounts (I) – (F) in excess of \$10,000.00) _____
 Adjusted Ontario Income Tax _____
 Subtract: Provincial Foreign Tax Credit (form T2036) _____
 Ontario Income Tax before the Ontario Tax Reduction (J)

(Enter amount (J) on line (A) of the T1C (ONT.) TC and complete SECTION II to calculate the Ontario Tax Reduction and Ontario Tax.)

CERTIFICATION

I HEREBY ELECT for 1990 under subsection 110.4(2) of the Income Tax Act in respect of the amount specified at line (6). I CERTIFY that, to the best of my knowledge, the information given in this form is true, complete and correct.

SIGNATURE

DATE

TELEPHONE NUMBER