



### FORWARD AVERAGING TAX CREDITS FOR 1991

- Use this form if you were resident in Canada throughout 1991 and are electing, under subsection 110.4(2) of the Income Tax Act, to reduce your Accumulated Averaging Amount.
- If a person who died in 1991 was resident in Canada throughout the period starting on January 1, 1991 and ending on the date of death, the person is deemed for the purposes of this election, to have been resident in Canada throughout 1991. In the year of death, all or any amount of the deceased resident's Accumulated Averaging Amount at the end of the immediately preceding year may be added in the deceased's taxable income for the year of death. This form is used to specify what amount, if any, of the Accumulated Averaging Amount is to be taxed in the year of death. Any remaining balance of the deceased's Accumulated Averaging Amount may be taxed under special rules. Form T541 provides the special calculations and is available at any District Office or Taxation Centre.
- Block Averaging is not allowed to a person who is a farmer or fisherman if, in the year or in any of the preceding years included in an averaging period under Section 119 of the Act, an amount has been added or deducted for forward averaging purposes in computing taxable income of the person.
- In computing Taxable income for 1991, "non-capital losses" and "farm losses" for the year will be offset against the Accumulated Averaging Amount Withdrawal specified for the year. In other words, if a "non-capital loss" and/or "farm loss" was incurred in the year, such loss(es) will be reduced by the Accumulated Averaging Amount Withdrawal specified for the year.
- Attach one copy of this form to the T1 General Individual Income Tax Return and file not later than April 30, 1992 or, in the case of a deceased individual, by the later of April 30, 1992 or within 6 months from the date of death.

NAME IN FULL (Print)	SOCIAL INSURANCE NUMBER

#### STEP I - CALCULATION OF ACCUMULATED AVERAGING AMOUNT AT THE END OF 1990

- |   |           |              |
|---|-----------|--------------|
| (1) Accumulated Averaging Amount at the end of 1989                             |           | _____        |
| (2) Deduct: Accumulated Averaging Amount Withdrawal, if any, specified for 1990 |           | _____        |
| (3)   | Sub total | _____        |
| (4) Accumulated Averaging Amount at the end of 1990 (line (3) X 1.048)          |           | <u>_____</u> |

NOTE: If, in the case of a person who died in 1991, no portion of the amount at line (4) is to be withdrawn from the person'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 - 1991 ACCUMULATED AVERAGING AMOUNT WITHDRAWAL

- |  |  |         |
|--|--|---------|
| (5) Net income at line (236) on page 2 of T1 Return  |  | _____   |
| NOTE: If, net income is zero as a result of a "non-capital loss" and/or "farm loss" incurred in the year, enter the value of the "non-capital loss" and/or "farm loss" at line (5). Use brackets to indicate the loss. |  |         |
| (6) Add: Accumulated Averaging Amount Withdrawal (all or any portion of line (4))  |  | _____   |
| NOTE: Enter the amount at line (6) on line (237) on page 2 of T1 Return.   |  |         |
| (7) Total lines (5) and (6)  |  | + _____ |
| NOTES: (i) If the amount at line (7) is positive, enter that amount at line (239) of the T1 Return.<br>(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 1991

- |  |              |              |
|--|--------------|--------------|
| (8) Enter amount at line (6) (if applicable)   |              | _____        |
| (9) For deceased individuals 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))                             |              | <u>_____</u> |
| (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                  |              | <u>_____</u> |

\*\* A deemed resident of Canada, who was not resident in a province or territory on December 31 of the taxation year, must 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 Surtax 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 b) If amount (C) is negative, reduce the amount at line (11) above by 16.5%
Subtract: Amount at line (11) above	_____ (B)	
Difference	± _____ (C)	

**STEP IV – CALCULATION OF PROVINCIAL FORWARD AVERAGING TAX CREDIT**

(14) Enter amount at line (11) \_\_\_\_\_ X

NOTE: a) Select your Province or Territory of residence on December 31, 1991.  
 b) Enter your provincial forward averaging tax credit on line (12).  
 c) Residents of Prince Edward Island, Nova Scotia, and New Brunswick may not use the provincial portion of Schedule 1. Compute provincial taxes payable to these provinces below.  
 d) Residents of Ontario and British Columbia compute provincial taxes below.  
 e) Compute the taxes payable to Prince Edward Island, Nova Scotia, New Brunswick, Ontario, and British Columbia 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.

- (1) Newfoundland (62 %) \_\_\_\_\_ (D)
- (2) Prince Edward Island (58 %) \_\_\_\_\_ (E)
- (3) Nova Scotia (59.5 %) \_\_\_\_\_ (F)
- (4) New Brunswick (60 %) \_\_\_\_\_ (G)
- (5) Ontario (53 %) \_\_\_\_\_
- (6) Manitoba (52 %) \_\_\_\_\_
- (7) Saskatchewan (50 %) \_\_\_\_\_
- (8) Alberta (46.5 %) \_\_\_\_\_ (H)
- (9) British Columbia (51.5 %) \_\_\_\_\_ (H)
- (10) Northwest Territories (44 %) \_\_\_\_\_
- (11) Yukon Territory (45 %) \_\_\_\_\_

**PRINCE EDWARD ISLAND**

Basic Prince Edward Island Income Tax: 58 % of Basic Federal Tax \_\_\_\_\_ (I)  
 Add: Prince Edward Island Surtax: 10 % of (amounts (I) – (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 (428) on page 4 of the T1 Return) \_\_\_\_\_

**NOVA SCOTIA**

Basic Nova Scotia Income Tax: 59.5 % of Basic Federal Tax \_\_\_\_\_ (J)  
 Add: Nova Scotia Surtax: 10 % of (amounts (J) – (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 (428) on page 4 of the T1 Return) \_\_\_\_\_

**NEW BRUNSWICK**

Basic New Brunswick Income Tax: 60% of Basic Federal Tax \_\_\_\_\_ (K)  
 Add: New Brunswick Surtax: 8% of (amounts (K) - (F) in excess of \$13,500.00) \_\_\_\_\_  
 Adjusted New Brunswick Income Tax \_\_\_\_\_  
 Subtract: Provincial Foreign Tax Credit (form T2036) \_\_\_\_\_  
 New Brunswick Tax (enter on line (428) on page 4 of the T1 Return) \_\_\_\_\_

**ONTARIO**

Basic Ontario Income Tax: 53 % of Basic Federal Tax \_\_\_\_\_ (L)  
 Add: Ontario Surtax: 12 % of (amounts (L) – (G) 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 \_\_\_\_\_ (M)  
 (enter amount (M) on line (A) of the T1C (ONT.) TC and complete SECTION II to calculate the Ontario Tax reduction and Ontario Tax.)

**BRITISH COLUMBIA**

Basic British Columbia Income Tax: 51.5% of Basic Federal Tax \_\_\_\_\_  
 Subtract: Provincial Foreign Tax Credit (form T2036) \_\_\_\_\_ (N)  
 Adjusted British Columbia Income Tax \_\_\_\_\_ (O)  
 British Columbia Surtax: 10% of (amounts (N) - (H) in excess of \$9,000.00) \_\_\_\_\_  
 (Enter amount (N) above on line (A) and amount (O) above on line (B) of schedule 1 to calculate the British Columbia tax reduction and British Columbia Tax.)

**CERTIFICATION**

I HEREBY ELECT for 1991 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