



FORWARD AVERAGING TAX CREDITS FOR 1993

- Use this form if you were resident in Canada throughout 1993 and you are electing, under subsection 110.4(2) of the *Income Tax Act*, to reduce your accumulated averaging amount.
- If a person who died in 1993 was resident in Canada from January 1, 1993, to the date of death, the person is deemed for the purposes of this election to have been resident in Canada throughout 1993. In the year of death, all or any of the deceased resident's accumulated averaging amount at the end of the immediately preceding year can be added to the deceased's taxable income for the year of death. Use this form 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 using form T541, *Forward Averaging Tax Calculation - Deceased Individuals*. You can get a copy of this form at any of our income tax offices.
- Block averaging is not allowed if you are a farmer or fisherman and in the year or in any of the preceding years included in an averaging period under Section 119 of the Act, you added or deducted an amount for forward averaging purposes when you calculated your taxable income.
- Please note that "non-capital losses" and "farm losses" incurred in the year will be reduced by the accumulated averaging amount withdrawal specified for the year.
- Attach one copy of this form to the T1 income tax return and file it no later than April 30, 1994. In the case of a deceased person, file it by either April 30, 1994, or six months after the date of death, whichever date is later.

Step I – Calculation of Accumulated Averaging Amount at the End of 1992

Accumulated averaging amount at the end of 1991	1.	
Subtract: Accumulated averaging amount withdrawal specified for 1992, if any	2.	
Subtotal	3.	
Accumulated averaging amount at the end of 1992 (multiply line 3 by 1.021)	4.	

Note: In the case of a person who died in 1993, if no part of the amount on line 4 is to be withdrawn from the person's accumulated averaging amount for the purpose of line 6 below, go directly to Step III and enter "0" on line 8. The legal representative can complete form T541 to elect to carryback the balance remaining in the accumulated averaging amount at the end of the year of death.

Step II – Accumulated Averaging Amount Withdrawal for 1993

Net income (from line 236 of your return)	5.	
Note: If your net income is zero because of a "non-capital loss" and/or "farm loss" you incurred in the year, enter the amount of the loss in brackets.		
Add: Accumulated forward averaging amount withdrawal (all or any part of line 4)	6.	
Enter this amount on line 237 of your return.		
Total of lines 5 and 6	7.	

If this amount is positive, enter it on line 239 of your return, otherwise enter "0" on line 239 of your return.

Step III – Calculation of Federal and Provincial Forward Averaging Tax Credits for 1993

Enter the amount from line 6 (if it applies)	8.	
For deceased individuals only: Add amount (C) from line 3 of form T541 (if it applies)	9.	
Total accumulated averaging amount withdrawal (add lines 8 and 9)	10.	
Federal forward averaging tax credit (amount from line 10) \$ _____ X 29% =	11.	
Add: Provincial forward averaging tax credit (from line 14)	12.	
Total forward averaging tax credit: Enter this amount on line 478 of your return)	13.	

** Increase the amount on line 11 by 52% if you were a deemed resident of Canada in 1993, and you were not subject to a provincial tax in 1993.

Note: Use the amount on line 11 in the federal individual surtax calculation on Schedule 1.

For Quebec residents only

Basic federal tax (from Schedule 1)	\$ _____	(A)	Note: – If amount (C) is positive, subtract 16.5% of amount (B) from the amount on line 440 of your return. – If amount (C) is negative, enter "0" on line 440 of your return, and reduce the amount on line 478 of your return by 16.5% of amount (C).
Subtract: Amount from line 11 above	\$ _____	(B)	
Difference	+ \$ _____	(C)	

Step IV – Calculation of Provincial Forward Averaging Tax Credit

Amount from line 11	\$ _____	X	Newfoundland	(69%)	=	14.	_____	
			Prince Edward Island	(59.5%)	=	14.	_____	(D)
			Nova Scotia	(59.5%)	=	14.	_____	(E)
			New Brunswick	(62%)	=	14.	_____	(F)
			Ontario	(58%)	=	14.	_____	(G)
			Manitoba	(52%)	=	14.	_____	
			Saskatchewan	(50%)	=	14.	_____	
			Alberta	(45.5%)	=	14.	_____	
			British Columbia	(52.5%)	=	14.	_____	(H)
			Northwest Territories	(45%)	=	14.	_____	
			Yukon Territory	(48%)	=	14.	_____	(Q)

Note:

- Select your province or territory of residence on December 31, 1993.
- Enter your provincial forward averaging tax credit on line 12.
- Residents of Prince Edward Island, Nova Scotia, New Brunswick, and Yukon Territory, calculate your provincial or territorial taxes payable using the method described below. Do not use Schedule 1.
- Residents of Ontario and British Columbia, calculate provincial taxes payable using the method described below.
- Calculate the taxes payable to the provinces and territory shown below on form T541 if the legal representative has made an election to carryback the balance remaining in the accumulated averaging amount at the end of the year of death.

Prince Edward Island:	Basic Prince Edward Island income tax (59.5% of Basic federal tax)	\$ _____	(I)
	Add: Prince Edward Island surtax: 10% of (amount (I) minus (D) in excess of \$12,500)	\$ _____	
	Adjusted Prince Edward Island income tax	\$ _____	
	Subtract: Provincial foreign tax credit (form T2036)	\$ _____	
	Prince Edward Island tax (enter this amount on line 428 of your return)	\$ _____	

Nova Scotia:	Basic Nova Scotia income tax (59.5% of Basic federal tax)	\$ _____	(J)
	Add: Nova Scotia surtax: 10% of (amount (J) minus (E) in excess of \$10,000)	\$ _____	
	Adjusted Nova Scotia income tax	\$ _____	
	Subtract: Provincial foreign tax credit (form T2036)	\$ _____	
	Nova Scotia tax (enter this amount on line 428 of your return)	\$ _____	

New Brunswick:	Basic New Brunswick income tax (62% of Basic federal tax)	\$ _____	(K)
	Add: New Brunswick surtax: 8% of (amount (K) minus (F) in excess of \$13,500)	\$ _____	
	Adjusted New Brunswick income tax	\$ _____	
	Subtract: Provincial foreign tax credit (form T2036)	\$ _____	
	New Brunswick tax (enter this amount on line 428 of your return)	\$ _____	

Ontario:	Basic Ontario income tax (58% of Basic federal tax)	\$ _____	(L)
	Add: Ontario surtax: 17% of (amount (L) minus (G) in excess of \$5,500), plus	\$ _____	
	8% of (amount (L) minus (G) in excess of \$8,000)	\$ _____ = \$ _____	
	Adjusted Ontario tax	\$ _____	
	Subtract: Provincial foreign tax credit (form T2036)	\$ _____	
	Ontario income tax before the Ontario tax reduction	\$ _____	(M)
	Note: Enter amount (M) on line (E) of form T1C (ONT.) TC and complete Section II to calculate the Ontario income tax.		

British Columbia:	Basic British Columbia income tax (52.5% of Basic federal tax)	\$ _____	
	Subtract: Provincial foreign tax credit (form T2036)	\$ _____	
	Adjusted British Columbia income tax	\$ _____	(N)
	British Columbia surtax: 20% of (amount (N) minus (H) in excess of \$5,300)	\$ _____	(O)
	10% of (amount (N) minus (H) in excess of \$9,000)	\$ _____	(P)
	Note: Enter amount (N) on line (A), amount (O) on line (B), and amount (P) on line (C) of Schedule 1 to calculate the British Columbia income tax.		

Yukon Territory:	Basic Yukon Territory income tax (48% of Basic federal tax)	\$ _____	(R)
	Add: Yukon Territory surtax: 5% of (amount (R) minus (Q) in excess of \$6,000)	\$ _____	
	Adjusted Yukon Territory income tax	\$ _____	
	Subtract: Provincial foreign tax credit (form T2036)	\$ _____	
	Yukon Territory tax (enter this amount on line 428 of your return)	\$ _____	

Election and Certification

I elect for 1993 under subsection 110.4(2) of the *Income Tax Act* the amount specified on line 6.
 I certify that the information given on this form is complete and correct.

Signature

Date

Telephone number