

- Use this schedule to calculate a trust's minimum tax.
- See page 4 for trusts not subject to minimum tax in the taxation year.
- For information on how to complete this schedule, see the instructions on pages 4 and 5.
- To calculate provincial or territorial minimum tax, or the Ontario minimum tax carryover, see pages 5 and 6.

Part 1 – Calculating net adjusted taxable income for minimum tax

- Complete sections C, D, and E only if the trust is claiming losses from these sources.
- If you have to complete lines 1, 20, or 26, calculate the trust's capital gains conversion rate using the formula on page 4.

A. Calculating the non-taxable portion of capital gains reported in the year and retained in the trust

Do **not** include taxable capital gains from mortgage foreclosures, conditional sales reposessions, or a reserve from a disposition before November 13, 1981. If the trust is reporting reserves for dispositions before November 13, 1981, deemed realization of capital property on Form T1055, or capital gains from donated property, contact us before completing Part A.

Taxable capital gains (line 01 of the return)			1
Taxable capital gains allocated and designated to beneficiaries (line 921 of Schedule 9)	-		2
Capital gains retained in the trust (line 1 minus line 2)	=		2A
Capital gains conversion rate (from the calculation on page 4)	x		2B
Non-taxable portion of capital gains retained in the trust (line 2A multiplied by line 2B)	12030 =		3

B. The elected portion of pension benefits under ITAR 40

12040 +

C. Rental and leasing property

Capital cost allowance (CCA) and carrying charges claimed on rental and leasing property	12050 •		5
Net income from rental and leasing property before CCA and related carrying charges (if a loss, enter "0"). See the Note on page 4.	12060 •	-	6
Loss, if any, created or increased by CCA and related carrying charges (line 5 minus line 6)	=		7

D. Film property

CCA and carrying charges claimed on certified film property acquired after 1987 and before March 1996	12080 •		8
Net income reported from certified film property before CCA and related carrying charges (if a loss, enter "0"). See the Note on page 4.	12090 •	-	9
Loss, if any, created or increased by CCA and related carrying charges (line 8 minus line 9)	=		10

E. Resource property and royalties and flow-through shares

Total of all resource deductions and allowances and depletion allowances and carrying charges related to resource property and flow-through shares	12110 •		11
a) Income from production of petroleum, gas, and minerals, including royalties before resource deductions and allowances and depletion allowances and related carrying charges (if a loss, enter "0")	12120 •		12
b) Income from dispositions of foreign resource properties and recovery of exploration and development expenses (if a loss, enter "0")	12130 •	+	13
Total resource income (line 12 plus line 13)	=		14
Loss, if any, created or increased by resource deductions and allowances and depletion allowances and related carrying charges (line 11 minus line 14)	=		15

F. Limited partnership and tax shelter losses – Include the trust's total share of the partnership loss.

12160 +

G. Limited and specified member partnership interest – Amount, if any, by which carrying charges related to acquiring a partnership interest are more than the trust's income from the partnership interest.

12170 +

Total additions to taxable income for minimum tax purposes (add lines 3, 4, 7, 10, 15, 16, and 17)	=		18
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Part 1 (continued)

Enter the amount from line 18 on page 1

Gross-up amount of dividends retained by the trust (line 49 of the return)				19	
Allowable business investment losses (line 25 of the return)		20A			
Capital gains conversion rate (from the calculation on page 4)	x		20B		
Line 20A multiplied by line 20B	=			20	
Total deductions from taxable income for minimum tax purposes (line 19 plus line 20)				21	
Net additions to taxable income for minimum tax purposes (line 18 minus line 21)				22	
Taxable income (line 56 of the return -- if a loss, enter the amount in brackets)				23	
Adjusted non-capital losses of other years used in current year (see "Line 24" on page 5)				24	12220
Subtotal (add lines 22 to 24)				25	
Net capital losses of other years used in current year (see "Line 26" on page 5)				26A	12240
Capital gains conversion rate (from the calculation on page 4)	x		26B		
Line 26A multiplied by line 26B	=			26	
Adjusted taxable income for minimum tax (line 25 minus line 26)				27	
Basic exemption (see "Line 28" on page 5)				28	12260
Net adjusted taxable income for minimum tax (line 27 minus line 28 – if negative, enter "0")				29	12270

If the amount on line 29 is more than zero, continue completing this schedule.

If the amount on line 29 is zero, the trust is not subject to minimum tax. Attach Schedule 12 to the return. If the trust has:

- **taxable income** on line 56 of the return, resume calculations on line 38 of Schedule 11; or
- **no taxable income** on line 56 of the return, enter "0" on line 81 of the return.

Part 2 – Calculating special foreign tax credit

(complete only if the trust retained foreign income)

Foreign non-business income for which the trust paid foreign non-business income tax				30	
Foreign business income		+		31	
Total foreign income (line 30 plus line 31)		=		32	
Foreign income limit for special foreign tax credit (line 32)		x	16% =	33	
Foreign non-business income tax paid (line 34)		x	66.67% =	35	
Foreign business income tax paid		+		36	
Total foreign taxes paid for special foreign tax credit (line 35 plus line 36)		=		37	
Line 33 or line 37, whichever is less				38	
Deductible amount of federal foreign tax credit (line 10 of Form T2209)				39	
Special foreign tax credit (line 38 or line 39, whichever is more)				40	12290

Part 3 – Obligation to pay minimum tax

Net adjusted taxable income for minimum tax		x	16% =	41	
Total donations and gifts tax credit (line 20 of Schedule 11)		-		42	
Minimum amount (line 41 minus line 42)		=		43	
Special foreign tax credit (line 40)				44	
Net minimum tax payable (line 43 minus line 44)		=		45	
Federal tax payable (line 37 of Schedule 11)				46	
48% surtax on income not subject to provincial or territorial tax (line 29 of Schedule 11)		-		47	
Federal tax before surtax (line 46 minus line 47)		=		48	
Amount by which minimum amount is more than regular federal tax payable (line 45 minus line 48 – if negative, enter "0")				49	

If the amount on line 49 is more than zero, complete the rest of this schedule. If the amount on line 49 is zero, the trust is not subject to minimum tax. Attach Schedule 12 to the return. If the trust has:

- **taxable income** on line 56 of the return, resume calculations on line 38 of Schedule 11; or
- **no taxable income** on line 56 of the return, enter "0" on line 81 of the return.

Part 4 – Basic federal tax for the year

Basic federal tax (line 28 of Schedule 11)			50
Minimum amount (line 43)			51
Basic federal tax for the year (line 50 or line 51, whichever is more)			12420
			52

To calculate provincial or territorial minimum tax, use Chart 1 on page 6.

Part 5 – Calculating federal tax payable (minimum tax)

Net minimum tax payable from line 45			53
Surtax on income not subject to provincial or territorial tax (portion of line 52 not subject to provincial or territorial tax <input type="text"/> x 48%) =	+		54
Federal tax payable (line 53 plus line 54). Enter this amount on line 81 of the return.	=		55

Refundable Quebec abatement	(line 52 <input type="text"/> x 16.5%) =		56
Enter the amount from line 56 on line 87 of the return.			

Part 6 – Calculating this year's additional taxes paid for minimum tax carryover

Minimum amount from line 43				57
Basic federal tax (line 28 of Schedule 11)			58	
Special foreign tax credit (line 40)			59	
Deductible amount of federal foreign tax credit from line 39	-		60	
Subtotal (line 59 minus line 60)	=		61	
Line 34			62	
Line 36	+		63	
Total (line 62 plus line 63)	=		64	
line 61 <input type="text"/> x $\frac{\text{line 37}}{\text{line 64}}$ <input type="text"/>	=	+		65
Total (line 58 plus line 65)	=			66
Additional taxes available to carry over to subsequent years (line 57 minus line 66)			12670	67

Part 7 – Calculating the total minimum tax carryover

Minimum tax carryover from previous years (1994 to 2000)			12680	68
Tax payable before carryover (line 52)			69	
Minimum amount (line 43)	-		70	
Maximum carryover that can be applied this year (line 69 minus line 70 – if negative, enter "0")	=		71	
Minimum tax carryover applied this year:				
Claim an amount that is not more than line 68 or line 71, whichever is less, and enter it on line 26 of Schedule 11			-	72
Balance of minimum tax carryover (line 68 minus line 72)	=			73
Additional taxes available from this year (line 67)	+			74
Line 73 plus line 74	=			75
Additional 1994 taxes not applied	-			76
Minimum tax carryover available for next year (line 75 minus line 76)	=		12690	77

Is the trust subject to minimum tax?

The following trusts are not subject to minimum tax:

- a mutual fund trust;
- a related segregated fund trust;
- a spousal or common-law partner trust, or a joint spousal or common-law partner trust, or an alter ego trust, if it reports in the year its first deemed realization under the 21-year rule; and
- a master trust.

Any other trust is liable to pay a minimum tax if the net minimum tax payable on line 45 is more than the regular tax payable on line 48. A trust may have to pay minimum tax for the year if it:

- reports taxable capital gains (line 01 of the return)
- reports taxable dividends (line 03 of the return)
- claims a loss resulting from, or increased by, resource expenditures, or claims resource and depletion allowances on resource properties (line 06 or line 19 of the return)
- makes an election on pension benefits under ITAR 40 (line 02 of the return and line 22 of Schedule 11)
- claims a loss resulting from, or increased by, capital cost allowance or carrying charges claimed on:
 - rental or leasing property (line 09 of the return); or
 - certified films or videotapes (line 06 of the return)

Capital gains conversion rate

For lines 2B, 20B, and 26B, you will have to calculate the capital gains conversion rate for the trust. You use this rate to calculate the non-taxable portion of income or losses reported by the trust.

Capital gains conversion rate

If the trust's inclusion rate is 1/2, the conversion rate is 3/5

If the trust's inclusion rate is 2/3, the conversion rate is 1/5

If the trust's inclusion rate is 3/4, the conversion rate is 1/15

If the trust's inclusion rate is other than 1/2, 2/3, or 3/4, calculate the conversion rate as follows:

$(4/5 \text{ minus the inclusion rate for the trust}) \text{ divided by the inclusion rate for the trust} = \underline{\hspace{2cm}}$

Example

The trust's inclusion rate is 3/5. You calculate the trust's conversion rate as follows:

$$\frac{4/5 \text{ minus } 3/5}{3/5} = \frac{1/5}{3/5} = 1/5 \times 5/3 = 1/3$$

You would enter 1/3 on the applicable line(s) of Schedule 12.

Part 1 – Calculating adjusted taxable income

Use Part 1 to calculate the net adjusted taxable income for minimum tax.

Net adjusted taxable income for minimum tax purposes applies to:

- certain losses that limited partners, specified members of a partnership, or partners of a tax shelter deduct for their partnership interest (for this purpose, losses allocated from a partnership are applied against gains from the same partnership source);
- losses from tax shelters; and
- carrying charges for interests in limited partnerships, tax shelters, rental and leasing, film and resource properties, which increase or create a loss from these sources.

Note

Net income from rental and leasing property, and film property includes income from these investments (before CCA and related carrying charges) **plus** any net taxable capital gains from the disposition of these investments **minus** any losses from these investments (before CCA and related carrying charges). You also have to subtract allocated partnership losses from gains from the same partnership source.

Line 24 – Adjusted non-capital losses of other years used in the current year

If the trust claimed non-capital losses of other years, you may have to reduce the non-capital losses for minimum tax purposes. This reduction is any portion of the non-capital losses attributable to:

- capital cost allowance or carrying charges claimed on:
 - rental or leasing property; or
 - films certified by the Canadian Film and Videotape Certification office;
- resource expenditures; or
- resource and depletion allowances.

Enter the reduction on line 24.

For taxation years beginning after 1994, for minimum tax purposes, a non-capital loss which is carried forward is calculated according to the minimum tax rules in effect for the year in which the loss was incurred.

Line 26 – Net capital losses of other years used in the current year

You may have claimed a capital loss from prior years on line 52 of the return. If this is the case, you will have to adjust the trust's income for minimum tax purposes. On line 26A, enter the net capital losses of other taxation years that you claimed in the current year on line 52 of the return. Do not include capital losses on mortgage foreclosures and conditional sales repossessions.

If the amount on line 52 of the return is less than the capital gains remaining in the trust after allocation to beneficiaries, **and** the trust has additional unapplied losses of other years, you may be able to increase the amount on line 26A. Call us for details.

Line 28 – Basic exemption

We allow a basic exemption of \$40,000 to testamentary and grandfathered inter vivos trusts. Allocate the \$40,000 basic exemption among the trusts if more than one qualifying trust is formed from contributions by the same individual. To allocate the basic exemption, complete Schedule 6, *Trusts' Agreement to Allocate the Basic Exemption From Minimum Tax*. On line 28, enter the basic exemption, or the trust's allocated amount of the exemption from Schedule 6.

Part 5 – Calculating federal tax payable (minimum tax)**Line 56 – Refundable Quebec abatement**

For information, see Schedule 11, line 38 in the T3 guide.

Part 6 – Calculating this year's additional taxes paid for minimum tax carryover**Lines 57 to 67**

Use Part 6 to calculate the amount of any additional minimum tax payable by the trust for this year that you can carry over to a future year. You may be able to deduct this amount from the trust's regular tax liability on line 26 of Schedule 11 in future years. You can claim a carryforward for a period of seven years.

Part 7 – Calculating the total minimum tax carryover**Lines 68 to 77**

Use Part 7 to calculate the minimum tax carryover from previous years which you can claim on Schedule 11 in this year. You can carry over minimum tax from the seven previous taxation years. In the trust's best interests, apply the oldest available carryover first. For example, apply any carryover from 1996 before any carryover from 1997.

You also use Part 7 to calculate the total minimum tax carryover, if any, that may be carried forward to later years.

Provincial and territorial minimum tax payable

Use Chart 1 – *Calculation of Provincial and Territorial Minimum Tax*, on the next page, to calculate the trust's provincial and territorial tax payable.

Note: New Brunswick and Alberta minimum tax legislation was changed after their respective income tax forms were published. As a result, if minimum tax applies to trusts resident in either of these provinces, ignore the instructions at the top of each province's income tax form. Instead, complete lines 1 to 18 on the New Brunswick tax form, or lines 1 to 11 on the Alberta tax form, and enter the amount from line 18 (New Brunswick) or line 11 (Alberta) at the appropriate line in Chart 1 on the next page.

Ontario minimum tax carryover – if any of the following situations applies to the trust, call us for information on how to calculate the Ontario minimum tax carryover. Otherwise, use the calculation at the bottom of Chart 1.

- The trust is **resident in Ontario** in 2001, and:
 - it is subject to tax in multiple jurisdictions (with taxable income in Ontario); or
 - in 2000, it was **not** resident in Ontario, and minimum tax was applied in that year.
- The trust is **not resident in Ontario** in 2001, but has business income in Ontario.
- The trust was subject to tax in multiple jurisdictions in 2000, **and** it was subject to Ontario minimum tax.

Newfoundland

Line 67 _____ 1
 Newfoundland rate _____ x 62.2% _____ 2
 Newfoundland additional minimum tax (line 1 multiplied by line 2). Enter amount A on line 19 of Form T3NF. = _____ A

Nova Scotia

Line 67 _____ 1
 Nova Scotia rate _____ x 57.5% _____ 2
 Nova Scotia additional minimum tax (line 1 multiplied by line 2). Enter amount B on line 19 of Form T3NS. = _____ B

New Brunswick (see the Note on page 5)

Line 57 _____ minus line 58 _____ = _____ 1
 New Brunswick rate _____ x 57% _____ 2
 Line 1 multiplied by line 2 = _____ 3
 Line 18 of Form T3NB + _____ 4
 New Brunswick minimum tax (line 3 plus line 4). Enter amount C on line 19 of Form T3NB. = _____ C

Prince Edward Island

Line 67 _____ 1
 Prince Edward Island rate _____ x 57.5% _____ 2
 Prince Edward Island additional minimum tax (line 1 multiplied by line 2). Enter amount D on line 19 of Form T3PE. = _____ D

Ontario

Line 49 _____ 1
 Ontario rate _____ x 38.5% _____ 2
 Ontario additional minimum tax (line 1 multiplied by line 2). Enter amount E on line 19 of Form T3ON. = _____ E

Manitoba

Line 57 _____ 1
 Line 58 - _____ 2
 Line 1 minus line 2 = _____ 3
 Manitoba rate _____ x 50% _____ 4
 Manitoba additional minimum tax (line 3 multiplied by line 4). Enter amount G on line 20 of Form T3MB. = _____ G

Saskatchewan

Line 57 _____ minus line 58 _____ = _____ 1
 Saskatchewan rate _____ x 50% _____ 2
 Line 1 multiplied by line 2 = _____ 3
 Line 18 of Form T3SK + _____ 4
 Saskatchewan minimum tax (line 3 plus line 4). Enter amount H on line 19 of Form T3SK. = _____ H

Alberta (see the Note on page 5)

Line 57 _____ minus line 58 _____ = _____ 1
 Alberta rate _____ x 35% _____ 2
 Line 1 multiplied by line 2 = _____ 3
 Line 11 of Form T3AB + _____ 4
 Alberta minimum tax (line 3 plus line 4). Enter amount I on line 12 of Form T3AB. = _____ I

British Columbia

Line 57 _____ 1
 Line 58 - _____ 2
 Line 1 minus line 2 = _____ 3
 British Columbia rate _____ x 49.5% _____ 4
 British Columbia additional minimum tax (line 3 multiplied by line 4). Enter amount J on line 19 of Form T3BC. = _____ J

Nunavut

Line 67 _____ 1
 Nunavut rate _____ x 45% _____ 2
 Nunavut additional minimum tax (line 1 multiplied by line 2). Enter the amount J on line 19 of Form T3NU. = _____ K

Northwest Territories

Line 67 _____ 1
 Northwest Territories rate _____ x 45% _____ 2
 Northwest Territories additional minimum tax (line 1 multiplied by line 2). Enter amount L on line 19 of Form T3NT. = _____ L

Yukon

Line 67 _____ 1
 Yukon rate _____ x 46% _____ 2
 Yukon additional minimum tax (line 1 multiplied by line 2). Enter amount M on line 19 of Form T3YT. = _____ M

Ontario minimum tax carryover

Federal minimum tax carryover from 1994 to 1999 (line 68 _____ minus federal minimum tax for 2000 _____) x 37.5% = _____ 1
 Enter the **lesser** of line 1 and (line 72 _____ x 37.5%) _____ 1a
 Additional Ontario minimum tax for 2000 Line 1238 of Schedule 12 for 2000 _____ x 37.5% = + _____ 2
 (Line 1113 of 2000 Schedule 11 _____ x 37.5%) minus line 16 of 2000 T3ON _____ = + _____ 2a
 Ontario minimum tax carryover from previous years (add lines 1a to 2a) _____ = _____ 3

 Line 13 of Form T3ON _____ 4
 Total of lines 14 and 15 of Form T3ON - _____ 5
 Carryover that can be applied this year (line 4 minus line 5) _____ = _____ 6
 Enter the **lesser** of line 3 and line 6 _____ = _____ 7

 Ontario carryover applied this year (enter here **and** on line 16 of Form T3ON an amount not more than line 7) _____ - _____ 8
 Line 3 minus line 8 – if negative, enter "0" _____ = _____ 9
 Ontario additional minimum tax from line E above _____ + _____ 10
 Line 9 plus line 10 _____ = _____ 11
 Additional 1994 taxes not applied _____ line 76 _____ x 37.5% = - _____ 12
 Ontario minimum tax carryover available for future years (line 11 minus line 12) _____ = _____ F