

SCHEDULE 12 - CALCULATION OF MINIMUM TAX

- Use this schedule to calculate a trust's minimum tax under Division E.1 of the *Income Tax Act*.
- See the T3 guide for trusts not subject to minimum tax in the taxation year.

Part I. Calculating adjusted taxable income

- Complete C, D, and E only if the trust is claiming losses from these sources.

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

(if the trust is reporting reserves related to dispositions before 1986, see the chart "Adjusted line 1203" in the T3 guide)

Taxable capital gains (from line 122 of Schedule 1)		1201	
Taxable capital gains allocated or designated to beneficiaries (see line 1202 in the T3 guide)		1202	
Subtotal (line 1201 minus line 1202)		x 1/3 =	1203

Do not include a reserve from any year before 1986

B. The elected portion of payments out of pension funds under ITAR 40

1204*

C. Rental and leasing property

Capital cost allowance (CCA) and carrying charges claimed on rental and leasing property		1205 •	
Net income reported from rental and leasing property before CCA and related carrying charges (if a loss, enter "0")		1206 •	
Amount of loss, if any, created by or increased by CCA and related carrying charges (line 1205 minus line 1206)		▶	1207

D. Film property

CCA and carrying charges claimed on film property		1208 •	
Net income reported from film property before CCA and related carrying charges (if a loss, enter "0")		1209 •	
Amount of loss, if any, created by or increased by CCA and related carrying charges (line 1208 minus line 1209)		▶	1210

E. Resource production and royalties and flow through entities

Total of all resource and depletion allowances and related carrying charges claimed		1211 •	
a) Income reported from production of petroleum, gas, and minerals, including royalties before resource and depletion allowances and related carrying charges (if a loss, enter "0")		1212 •	
b) Income from dispositions of foreign resource properties and recovery of exploration and development expenses (if a loss, enter "0")		1213 •	
Total resource income (add lines 1212 and 1213)		▶	1214
Amount of loss, if any, created by or increased by resource and depletion allowances and related carrying charges (line 1211 minus line 1214)		▶	1215

F. Limited partnership and tax shelter losses—Include trust's total share of the partnership loss. See note below.

1216 •

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

1217 •

Total additions to taxable income for minimum tax purposes (add lines 1203, 1204, 1207, 1210, 1215, 1216, and 1217)

1218

a) Gross-up amount of dividends retained by the trust (from line 826 of Schedule 8)		A	
b) Allowable business investment loss (from line 25 on page 2 of the T3 return)		x 1/3 =	B
Total deductions from taxable income for minimum tax purposes (add lines A and B)		▶	1219

Net additions to taxable income for minimum tax purposes (line 1218 minus line 1219)

1220

Taxable income (amount from line 56 on page 4 of the T3 return — this amount may be zero or negative)

1221

Non-capital losses of other years used in current year *

1222 •

Subtotal (add lines 1220, 1221, and 1222)

1223

Net capital losses of other years used in current year *
* (If losses are claimed on line 51 or line 52 on page 4 of the T3 return, see guide, lines 1222 and 1224)

x 1/3 =

1224

Adjusted taxable income for minimum tax (line 1223 minus line 1224)

1225

Basic exemption (see guide, line 1226)

1226 •

Net adjusted taxable income for minimum tax (line 1225 minus line 1226—if negative, enter "0")

1227 •

Note: Allocated partnership losses have to be netted against gains from the same partnership source.

If the amount on line 1227 is more than zero, complete the other side of this schedule.

If amount on line 1227 is zero, the trust is not subject to minimum tax. Attach Schedule 12 to T3 return. If the trust has:

- **taxable income** on line 56 on page 4 of the T3 return, resume calculations on line 1124 of Schedule 11; or
- **no taxable income** on line 56 on page 4 of the T3 return, enter "0" on line 81 on page 4 of the T3 return.

Part II. 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	a		
Foreign business income	b		
Total foreign income (add lines a and b)	c		
Foreign income limit for special foreign tax credit (amount from line c	d	x 17% =	
Foreign non-business income tax paid	e	x 66.67% =	
Foreign business income tax paid	f		
Total foreign taxes paid for special foreign tax credit (add lines f and g)	g		
Line d or line h, whichever amount is less	h		
Deductible amount of federal foreign tax credit from Form T2209	i		
Special foreign tax credit (line i or line j, whichever amount is more)	j		1229

Part III. Obligation to pay minimum tax

Net adjusted taxable income for minimum tax (amount from line 1227		x 17% =	1230
Total donations and gifts (from line 1112 of Schedule 11)			1231
Minimum amount (line 1230 minus line 1231)			1232
Special foreign tax credit (amount from line 1229)			1233
Net minimum tax payable (line 1232 minus line 1233)			1234
Federal tax payable before individual surtax (from line 1123 of Schedule 11)			1235
Surtax (52%) (from line 1116 of Schedule 11)			1236
Federal tax before surtax and individual surtax (line 1235 minus line 1236)			1237

Amount by which minimum amount is more than regular federal tax payable (line 1234 minus line 1237—if negative, enter "0")

If amount on line 1238 is more than zero, complete the rest of this schedule.

If amount on line 1238 is zero, the trust is not subject to minimum tax. Attach Schedule 12 to the T3 return. If the trust has:

- **taxable income** on line 56 on page 4 of the T3 return, resume calculations on line 1124 of Schedule 11;
- **no taxable income** on line 56 on page 4 of the T3 return, enter zero on line 81 of page 4 of the T3 return.

Part IV. Basic federal tax for the year

(Use to calculate individual surtax payable in Part V and provincial or territorial tax payable on Schedules 13 and 14)

Basic federal tax (from line 1115 of Schedule 11)			1240
Minimum amount (from line 1232 of Part III)			1241
Basic federal tax for the year (line 1240 or line 1241, whichever amount is more)			1242

Part V. Calculating federal tax payable (minimum tax)

Net minimum tax payable before surtax (52%) and individual surtax (amount from line 1234)

Net minimum tax payable before surtax (52%) and individual surtax (amount from line 1234)			1245
Surtax on income not subject to provincial or territorial income tax (portion of line 1242 not subject to provincial or territorial income tax		x 52% =	1246
Federal tax payable before individual surtax (add lines 1245 and 1246)			1247

Individual surtax

Basic federal tax on line 1242	x 3% =	1248	
Basic federal tax on line 1242	minus \$12,500 =	x 5% =	1249
Subtotal (add lines 1248 and 1249)		1250	
Additional federal foreign tax credit from Form T2209, Part II		1251	
Subtotal (line 1250 minus line 1251)		1252	
Additional investment tax credit from Form T2038 (IND)		1253	
Individual surtax payable (line 1252 minus line 1253)		1254	
Total federal tax payable (add lines 1247 and 1254) Transfer this amount to line 81 on page 4 of the T3 return		1255	

Refundable Quebec abatement

(amount from line 1242

x 16.5% =

1256

Transfer the amount from line 1256 to line 87 on page 4 of the T3 return

Part VI. Calculation of additional taxes paid for minimum tax carry-over

Minimum amount (amount from line 1232)			1260
Basic federal tax (from line 1115 of Schedule 11)			1261
Special foreign tax credit (amount from line 1229)			1262
Deductible amount of federal foreign tax credit (amount from line j in Part II)			1263
(line 1262 minus line 1263)			1264
Amount from line e in Part II		A	
Amount from line g in Part II		B	
Total (add lines A and B)		C	
(amount on line 1264	x	amount from line h in Part II	
amount from line C in this Part			
Total (add lines 1261 and 1265)			1266
Additional taxes available to carry over to subsequent years (line 1260 minus line 1266)			1267
Unused minimum tax carryover from earlier years (from line 1269 of 1994 Schedule 12)			1268
Total minimum tax carryover available for subsequent year (add lines 1267 and 1268)			1269