

**PART I.3 TAX RETURN – TAX ON LARGE CORPORATIONS**

**For Departmental Use Only**

- This return is to be used for taxation years ending after June, 1989, by a corporation with taxable capital employed in Canada in excess of \$10 million that is liable to pay tax under Part I.3. However, a financial institution or an insurance corporation must complete T2148 or T2149(E) respectively.
- The basis for determining the carrying value of a corporation's assets or any amount under Part I.3 in respect of its capital, investment allowance, taxable capital or taxable capital employed in Canada or in respect of a partnership in which it has an interest, is provided in subsection 181(3).
- The terms "financial institution", "long-term debt" and "reserves" are defined in subsection 181(1).

NAME OF CORPORATION (PRINT)									
ADDRESS	CORPORATION ACCOUNT NUMBER <table style="margin: auto; border: none;"> <tr> <td style="border: 1px solid black; width: 20px; height: 20px;"></td> <td style="border: 1px solid black; width: 20px; height: 20px;"></td> <td style="border: 1px solid black; width: 20px; height: 20px;"></td> <td style="border: 1px solid black; width: 20px; height: 20px;"></td> <td style="border: 1px solid black; width: 20px; height: 20px;"></td> <td style="border: 1px solid black; width: 20px; height: 20px;"></td> <td style="border: 1px solid black; width: 20px; height: 20px;"></td> <td style="border: 1px solid black; width: 20px; height: 20px;"></td> </tr> </table>								
TAXATION YEAR OF THE CORPORATION FOR THE PERIOD FROM _____ 19 _____ to _____ 19 _____	DISTRICT TAXATION OFFICE								
PERSON TO CONTACT FOR ADDITIONAL INFORMATION	AREA CODE      TELEPHONE NUMBER								

- No tax is payable under this Part for a taxation year by a corporation that was a non-resident-owned investment corporation throughout the year, or was a bankrupt (as defined by subsection 128(3)) at the end of the year, or was throughout the year a deposit insurance corporation as defined by subsection 137.1(5) or deemed to be such a corporation by subsection 137.1(5.1), or was throughout the year exempt from tax under section 149 on all of its taxable income, or was neither resident in Canada nor carried on business through a permanent establishment in Canada at any time in the year.
- Parts, sections, subsections and paragraphs referred to in this return are those of the Income Tax Act.
- The completed return is to be filed at the Taxation Centre where the Corporation Income Tax Return – Form T2 – is filed, within six months from the end of its taxation year, SEPARATELY FROM ANY OTHER RETURN (you may put it in the same envelope with another return, but do not insert in nor attach to the return).

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**CALCULATION OF PART I.3 TAX**

Complete the following calculation, using the amounts determined on the following pages of this return:

Taxable capital employed in Canada for the year (Amount 756 or 765, whichever is applicable) . . . . .	<b>700</b>	\$ _____
Deduct: Capital Deduction claimed for the year (Amount 770) . . . . .	<b>701</b>	_____
Excess (See Note) . . . . .	<b>702</b>	\$ _____
Part I.3 Tax: .00175* x Amount 702 \$ _____ = _____	<b>703</b>	\$ _____
* (.002) for 1991 and subsequent taxation years		

Note: If there is no excess, this return is not required to be filed.

**OR**

Where the taxation year of a corporation is less than 51 weeks, the amount of tax payable is calculated as follows:

Amount 703 \$ \_\_\_\_\_ x  $\frac{\text{number of days in the year}}{\text{divided by 365}}$  **704** \_\_\_\_\_ = **705** \$ \_\_\_\_\_

**OR**

Where the taxation year of a corporation commences before July, 1989, the amount of tax is calculated as follows:

Amount 703\* \$ \_\_\_\_\_ X  $\frac{\text{Number of days after June, 1989}}{\text{Number of days in the year}}$  **706** \_\_\_\_\_ = **708** \$ \_\_\_\_\_

\* or amount 705, if applicable

**OR**

Where the taxation year of a corporation commences before 1991 and ends after 1990, the tax payable is calculated as follows:

Amount 703\* \$ \_\_\_\_\_

**DEDUCT:**

Amount 703\* \$ \_\_\_\_\_ X  $\frac{1}{8}$  X  $\frac{\text{Number of days before 1991}}{\text{Number of days in the year}}$  **709** \_\_\_\_\_ = **711** \_\_\_\_\_

**710** \_\_\_\_\_

Difference \_\_\_\_\_ **712** \$ \_\_\_\_\_

\* or amount 705, if applicable.

TAX PAYABLE for the year (Amount 703, 705, 708 or 712, whichever is applicable) . . . . . **713** \$ \_\_\_\_\_

Deduct: instalments paid . . . . . **714** \_\_\_\_\_

\_\_\_\_\_ Payment on filing      Balance Unpaid       Refund       Balance \$ \_\_\_\_\_

Complete the following areas to determine the amounts for the Calculation of Part I.3 Tax on page 1. Where the corporation was not resident in Canada throughout the year and carried on a business through a permanent establishment in Canada, complete the areas beginning with the area entitled "Taxable Capital Employed in Canada – Non-resident Corporation".

### CAPITAL

Add the following amounts as at the end of the year:

Capital stock (or members' contributions if incorporated without share capital) . . . . .	<b>720</b>	\$	_____	
Retained earnings . . . . .	<b>721</b>		_____	
Contributed Surplus . . . . .	<b>722</b>		_____	
Any other surpluses . . . . .	<b>723</b>		_____	
Reserves that have not been deducted in computing income for the year under Part I . . . . .	<b>724</b>		_____	
All loans and advances to the corporation . . . . .	<b>725</b>		_____	
All indebtedness of the corporation represented by bonds, debentures, notes, mortgages, hypothecs or similar obligations. . . . .	<b>726</b>		_____	
Any dividends declared but not paid by the corporation before the end of the year . . . . .	<b>727</b>		_____	
All other indebtedness (other than any indebtedness in respect of a lease) of the corporation that has been outstanding for more than 365 days before the end of the year. . . . .	<b>728</b>		_____	
The proportion of the total amount that would be determined under <b>724</b> to <b>728</b> above in respect of a partnership of which the corporation is a member at the end of the year (See Note below) . . . . .	<b>729</b>		_____	
Total . . . . .	<b>730</b>	\$	_____	▶ \$ _____
<b>Deduct:</b>				
Deferred tax debit balance at the end of the year . . . . .	<b>731</b>	\$	_____	
Any amount deducted under subsection 135(1) in computing income under Part I for the year, to the extent that the amount may reasonably be regarded as being included in any of amounts <b>720</b> to <b>729</b> above . . . . .	<b>732</b>		_____	
Any deficit deducted in computing the shareholders' equity at the end of the year. . . . .	<b>733</b>		_____	
Total deductions . . . . .	<b>734</b>	\$	_____	▶ \$ _____
Capital for the year . . . . .			<b>735</b>	\$ _____

Note :

Amounts **724** to **728** are determined as follows:

- Amounts owing to the member or to corporations that are other members of the partnership are not to be included.
- Amounts are determined as at the end of the last fiscal period of the partnership ending at or before the end of the year of the corporation.
- All references to "corporation" are to be read as references to "partnership".
- The proportion of the total amounts is determined in accordance with the corporation's share of the partnership's income or loss for the fiscal period of the partnership.

### INVESTMENT ALLOWANCE

Add the carrying value at the end of the year of the following assets of the corporation:

A share of another corporation . . . . .	<b>740</b>	\$	_____	
A loan or advance to another corporation (other than a financial institution) . . . . .	<b>741</b>		_____	
A bond, debenture, note, mortgage, hypothec or similar obligation of another corporation (other than a financial institution) . . . . .	<b>742</b>		_____	
Long-term debt of a financial institution . . . . .	<b>743</b>		_____	
A dividend receivable on a share of the capital stock of another corporation (see Note 1) . . . . .	<b>744</b>		_____	
An interest in a partnership (see Note 2 below) . . . . .	<b>745</b>		_____	
Investment Allowance for the year . . . . .	<b>746</b>	\$	_____	\$ _____

- Notes :
- (1) This deduction applies to 1989 and subsequent taxation years. If the corporation was liable to pay tax on its 1989 or 1990 Part I.3 tax return and was entitled but did not claim this deduction, request an adjustment from the Taxation centre.
  - (2) Where the corporation has an interest in a partnership, the carrying value, at the end of the taxation year, of that interest is deemed to be equal to that **proportion** of the total of the carrying value of each asset of the partnership described in **740** to **744** above, at the end of its last fiscal period ending at or before the end of the year, **that** the corporation's share of the partnership's income or loss **is of** the partnership's income or loss for that period.
  - (3) A share of the capital stock of, a dividend receivable from, or indebtedness of a corporation that is exempt from Part I.3 tax (otherwise than by reason of paragraph 181.1(3)(d)) is to be excluded from the value of any asset determined in **740** to **744** and Note 2 above.

### TAXABLE CAPITAL

Capital for the year (amount <b>735</b> ) . . . . .		\$	_____	
Deduct: Investment Allowance for the year (Amount <b>746</b> ) . . . . .			_____	
Taxable Capital for the taxation year . . . . .	<b>750</b>	\$	_____	\$ _____

### TAXABLE CAPITAL EMPLOYED IN CANADA – CANADIAN RESIDENT CORPORATION

To be completed by a corporation that was resident in Canada at any time in the year:

Taxable Capital for the year (Amount <b>750</b> )	\$ X	Prescribed proportion <b>755</b>	%	= Taxable Capital Employed in Canada	<b>756</b>	\$ _____
(Enter on page 1)						

**TAXABLE CAPITAL EMPLOYED IN CANADA – NON-RESIDENT CORPORATION**

To be completed by a corporation that was not resident in Canada throughout the year and carried on a business through a permanent establishment in Canada.

The total of all amounts each of which is the carrying value at the end of the year of an asset of the corporation used by it in the year in, or held by it in the year in the course of, carrying on any business carried on by it during the year through a permanent establishment in Canada . . . . . **760** \$ \_\_\_\_\_

**Deduct :**

The corporation's indebtedness at the end of the year (other than indebtedness described in any of paragraphs 181.2(3)(c) to (f) that may reasonably be regarded as relating to a business carried on by it during the year through a permanent establishment in Canada . . . . . **761** \$ \_\_\_\_\_

The total of all amounts each of which is the carrying value at the end of the year of an asset described in subsection 181.2(4) of the corporation that was used by it in the year in, or held by it in the year in the course of, carrying on any business carried on by it during the year through a permanent establishment in Canada . . . . . **762** \_\_\_\_\_

The total of all amounts each of which is the carrying value at the end of the year of an asset of the corporation that is a ship or aircraft operated by the corporation in international traffic, or personal property used in its business of transporting passengers or goods in international traffic, and that was used or held by the corporation in carrying on any business during the year through a permanent establishment in Canada (if the country in which the corporation is resident imposed neither a capital tax for that year on similar assets, nor a tax on the income from the operation of a ship or aircraft in international traffic, of a corporation resident in Canada during that year) . . . . . **763** \_\_\_\_\_

Total deductions . . . . . **764** \$ \_\_\_\_\_ **765** \$ \_\_\_\_\_  
 Taxable Capital Employed in Canada . . . . . **765** \$ \_\_\_\_\_ (Enter on page 1)

**CAPITAL DEDUCTION**

Was the corporation related to any other corporation at any time during the year ?  Yes  No

If yes, has an agreement to allocate the capital deduction been made among the related corporations?  Yes  No

If such an agreement has been made and there is an excess at line 702 on page 1, form T2150 (Agreement among related corporations – Part 1.3 tax) is required to be filed with this return.

CAPITAL DEDUCTION claimed by this corporation – maximum \$10,000,000 **770** \_\_\_\_\_ \$  
 (Enter on page 1)

NOTE: A Canadian-controlled private corporation is deemed to be related only to another corporation with which it is also associated, pursuant to subsection 181.5(7)

**INSTALMENTS**

- Instalments on account of Part 1.3 tax are payable on or before the last day of each month in the year and any remainder on or before the day the corporation is required or would be required to pay the remainder of its tax payable under Part I, pursuant to paragraph 157(1)(b), as amended by paragraph 181.7(1)(b).
- The determination of instalments for a taxation year is to be based on the Part 1.3 Tax that was payable (or that would have been payable had this tax been in force) in the preceding two taxation years. Instalment bases are defined in subsection 181.7(2).  
 Note : Where the immediately and/or second preceding taxation year ends before July 1989, the tax payable under Part 1.3 is deemed to be the amount that would have been its tax payable if Part 1.3 had applied in respect of that year and its capital deduction for that year were the same amount as its capital deduction for the first taxation year ending after June 1989.
- Please provide the amounts of this tax payable (or that would have been payable) as follows:

For the immediately preceding taxation year commencing on \_\_\_\_\_ 19 \_\_\_\_ and ending on \_\_\_\_\_ 19 \_\_\_\_ . . . . . \$

For the second preceding taxation year commencing on \_\_\_\_\_ 19 \_\_\_\_ and ending on \_\_\_\_\_ 19 \_\_\_\_ . . . . . \$

Documentation relating to the calculation of tax payable declared above need not be filed with the return but must be retained as it may be requested for examination at a later date.

- Attach a cheque or money order payable to the Receiver General. Specify "T2147" on the remittance and indicate the name, account number and taxation year of the corporation whose account is to be credited.

**CERTIFICATION**

IT IS HEREBY CERTIFIED THAT the information given in this return is true, correct and complete in every respect.

\_\_\_\_\_  
 DATE SIGNATURE OF AUTHORIZED OFFICER POSITION