



PART I.3 TAX RETURN - TAX ON LARGE INSURANCE CORPORATIONS

Name of corporation	Account Number	Taxation year-end		
		Day	Month	Year

- This return is to be used for 1992 and subsequent taxation years by insurance corporations that have Part I.3 tax payable before the deduction for surtax credits.
- This return does not include the amendments to clause 181.3(1)(c)(ii)(A) contained in Bill C-27 which received Royal Assent on June 15, 1994.
- Form T2149(E) Rev. 91 continues to apply to taxation years ending after June, 1989 but before 1992.
- Subsection 181(3) provides the basis to determine the carrying value of a corporation's assets or any other 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.
- Subsection 181(1) defines the terms "financial institution", "long-term debt" and "reserves".
- No Part I.3 tax is payable for a taxation year by a corporation that was:
 - 1) a non-resident owned investment corporation throughout the year, or
 - 2) a bankrupt (as defined by subsection 128(3)) at the end of the year, or
 - 3) throughout the year a deposit insurance corporation as defined by subsection 137.1(5), or deemed to be a deposit insurance corporation by subsection 137.1(5.1), or
 - 4) throughout the year exempt from tax under section 149 on all of its taxable income, or
 - 5) neither resident in Canada nor carried on business through a permanent establishment in Canada at any time in the year, or
 - 6) throughout the year a corporation described in subsection 136(2) the principal business of which was marketing (including processing incidental to or connected therewith) natural products belonging to or acquired from its members or customers.
- Parts, sections, subsections, paragraphs, and subclauses referred to in this return are those of the *Income Tax Act*.
- **File the completed T2149 with the T2 Corporation Income Tax Return - Form T2 - within six months from the end of the taxation year.**

CALCULATION OF PART I.3 TAX

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

Taxable Capital Employed in Canada for the year (Amounts 874, 884 or 892 whichever is applicable)	900	\$	_____
Deduct: Capital Deduction claimed for the year (Enter \$10,000,000 or, for related corporations, the amount allocated on form T2150)	901		_____
Excess (See Note)	800	\$	_____
PART I.3 TAX:			
(.002) X Amount 800	801	\$	_____

Note: If there is no excess, do not file this return.

OR

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

Amount 801 \$ _____ X $\frac{\text{Number of days in the year } 802}{365}$ = 803 \$ _____

Gross Part I.3 Tax (Amount 801 or 803, whichever is applicable)	375	\$	_____
Deduct:			
Surtax Credits Applied:			
Current Year Surtax credit (amount D from page 5)			_____
Unused Surtax credit carried forward from Form T962			_____
Total (cannot exceed amount K on page 5)	905	\$	_____
Net Part I.3 Tax Payable (Enter this amount at line 130 on page 6 of your T2 return)		\$	_____

Complete the applicable areas below to determine the amounts for the calculation of Part I.3 Tax on page 1.

**CAPITAL
CANADIAN RESIDENT CORPORATION THAT CARRIED ON A LIFE INSURANCE BUSINESS**

To be completed by an insurance corporation that was resident in Canada and carried on a life insurance business at any time in the year.
Add the following amounts as at the end of the year:

Long-term debt	805	\$ _____	
Capital stock (see Note below)	806	_____	
Retained earnings	807	_____	
Contributed surplus	808	_____	
Any other surpluses	809	_____	
Total	810	_____	▶ \$ _____
Deduct: Deferred tax debit balance at the end of the year	811	_____	
Any deficit deducted in computing the shareholders' equity at the end of the year	812	_____	
Total deductions	813	_____	▶ _____
Capital for the year	814	\$ _____	

Note: In the case of an insurance corporation incorporated without share capital, enter the amount of its members' contributions.

OR

To be completed by an insurance corporation that was resident in Canada at any time in the year and throughout the year did not carry on a life insurance business.

Reserves that were not deducted in computing income under Part I for the year	815	\$ _____	
Add the following amounts as at the end of the year:			
Long-term debt	816	_____	
Capital stock (see note below)	817	_____	
Retained earnings	818	_____	
Contributed Surplus	819	_____	
Any other surpluses	820	_____	
Total	821	\$ _____	▶ \$ _____
Deduct: Deferred tax debit balance at the end of the year	822	\$ _____	
The total amount of its deferred acquisition expenses in respect of its property and casualty insurance business in Canada, to the extent that it can reasonably be attributed to an amount included in the amount determined at line 815 above.	823	\$ _____	
Any deficit deducted in computing the shareholders' equity at the end of the year	824	\$ _____	
Total Deductions	825	\$ _____	▶ \$ _____
Capital for the year	826	\$ _____	

Note: In the case of an insurance corporation incorporated without share capital, enter the amount of its members' contributions.

NON-RESIDENT CORPORATION THAT CARRIED ON AN INSURANCE BUSINESS

To be completed by an insurance corporation that was throughout the year non resident in Canada and carried on an insurance business in Canada at any time in the year. The total of the following amounts at the end of the year:

The greater of its surplus funds derived from operations (within the meaning assigned by subsection 138(12)), computed as if no tax were payable under Part I.3 or Part VI for the year, and its attributed surplus. 830 \$ _____

Any other surpluses relating to insurance businesses carried on in Canada 831 _____

Long-term debt that may reasonably be regarded as relating to insurance businesses carried on in Canada 832 _____

Subtotal 833 \$ _____

Add the difference, if any, between the following:

Reserves for the year (other than reserves for amounts payable out of segregated funds) that may reasonably be regarded as having been established in respect of insurance businesses carried on in Canada 834 _____

Deduct:

The total of each reserve (other than a reserve described in subparagraph 138(3)(a)(i)) that was included in the amount determined in 834 above and was deducted in computing income under Part I for the year 835 \$ _____

The total of each reserve described in subparagraph 138(a)(i) that was included in the amount determined in 834 above and was deductible under subparagraph 138(3)(a)(i) in computing income under Part I for the year 836 _____

The total of each amount outstanding (including any accrued interest) as at the end of the year in respect of a policy loan (within the meaning of subsection 138(12)) made by the corporation that was deducted in computing the amount determined in 836 above 837 _____

The total of its deferred acquisition expenses in respect of its property and casualty insurance business in Canada, to the extent that it can reasonably be attributed to an amount included in the amount determined at 834 above 838 _____

Total deductions 839 _____

Difference (834 - 839) (if negative, enter zero) 840 \$ _____

Capital for the year (833 + 840) 841 \$ _____

INVESTMENT ALLOWANCE

Add the carrying value at the end of the year of the following assets of the insurance corporation that are non-segregated properties within the meaning assigned by subsection 138(12):

All shares of the capital stock of related financial institutions (including related insurance corporations) 845 \$ _____

All long-term debts of related financial institutions (including related insurance corporations) 846 _____

Investment allowance for the year 847 \$ _____

- Notes:** (1) A share of the capital stock or long-term debt of another financial institution (including another insurance corporation) that is exempt from Part I.3 Tax is to be excluded from the value of any asset determined above.
- (2) In the case of an insurance corporation, that was throughout the year not resident in Canada, include only those assets used or held by it in the year in the course of carrying on an insurance business in Canada.

TAXABLE CAPITAL

Capital for the year (Amount 814 or 826 or 841, whichever is applicable) 902 \$ _____

Deduct: Investment Allowance for the year (Amount 847) 903 _____

Taxable Capital for the taxation year 351 \$ _____

TAXABLE CAPITAL EMPLOYED IN CANADA

The total of all amounts each of which is the carrying value at the end of the year of an asset that is tangible property used in Canada and that is non-segregated property within the meaning assigned by subsection 138(12) 904 \$ _____

Add: Where the insurance corporation has an interest in a partnership at the end of the year, the proportion of the total of all amounts each of which is the carrying value of an asset of the partnership, that is tangible property used in Canada, at the end of its fiscal period ending at or before the end of the year, that the insurance corporation's share of the partnership's income or loss is of the partnership's income or loss for that period 851 _____

Subtotal 852 \$ _____

CANADIAN RESIDENT CORPORATION THAT CARRIED ON A LIFE INSURANCE BUSINESS

To be completed by an insurance corporation that was resident in Canada and carried on a life insurance business, at any time in the year.

Amount 852 from above 860 \$ _____

Taxable Capital for the Year (Amount 351) 861 \$ _____

Add: Total of amounts described in subclause 181.3(1)(c)(ii)(A)(II) (Amount T from page 6) 862 \$ _____

Subtotal 863

Canadian Reserve Liabilities at year end 864

Total Reserve Liabilities at year end 865

Total of amounts described in subclause 181.3(1)(c)(ii)(A)(IV) (Amount U from page 6) 866

(863 X 864/(865+866)) 867 \$ _____

Add the difference, if any between the following:

Reserves for the year (other than reserves for amounts payable out of segregated funds) that may reasonably be regarded as having been established in respect of insurance businesses carried on in Canada 868 \$ _____

Deduct:

The total of each reserve (other than a reserve described in subparagraph 138(3)(a)(i) that was included in the amount determined in 868 above and was deducted in computing income under Part I for the year) 869 \$ _____

The total of each reserve described in subparagraph 138(3)(a)(i) that was included in the amount determined in 868 above and was deducted under subparagraph 138(3)(a)(i) in computing income under Part I for the year 870 \$ _____

The total of each amount outstanding (including any accrued interest) as at the end of the year in respect of a policy loan (within the meaning of subsection 138(12) made by the corporation that was deducted in computing the amount determined in 870 above) 871 \$ _____

Total deductions - Amounts 869 + 870 + 871 872 \$ _____

Difference (Amount 868 less Amount 872) (if negative, enter 0) 873 \$ _____

Taxable Capital Employed in Canada (Amounts 860 + 867 + 873) 874 \$ _____
(Enter on page 1)

OR

CANADIAN RESIDENT CORPORATION THAT DID NOT CARRY ON A LIFE INSURANCE BUSINESS

To be completed by an insurance corporation that was resident in Canada at any time in the year and throughout the year did not carry on a life insurance business.

Amount 852 from above 880 \$ _____

Add:
Taxable capital for the year (Amount 351) \$ _____ X $\frac{\text{Canadian premiums for the year}}{\text{Total premiums for the year}}$ $\frac{881}{882}$ \$ _____ = 350

Taxable Capital Employed in Canada 884 \$ _____
(Enter on page 1)

OR

NON-RESIDENT CORPORATION THAT CARRIED ON AN INSURANCE BUSINESS

To be completed by an insurance corporation that was throughout the year not resident in Canada and carried on an insurance business in Canada at any time in the year.

Amount 852 from above 890 \$ _____

Add:
Taxable Capital for the year (Amount 351) 891

Taxable Capital Employed in Canada 892 \$ _____
(Enter on page 1)

Complete the following to determine the amounts to use on page 4 in the calculation of the taxable capital employed in Canada of a Canadian resident corporation that carried on a life insurance business.

Part A:

(1) Name of foreign insurance subsidiary	(2) Capital of foreign insurance subsidiary per regulation 8605(1)(a) (From column 9 in Part B)	(3) Capital stock and long-term debt invested in the subsidiary per regulation 8605(1)(b)		(4) Any additional surplus contributed into the subsidiary per regulation 8605(1)(c)	(5) Amounts to be included in 181.3(1)(c)(ii)(A)(II) Columns (2)-[(3)+(4)]	(6) Reserve Liabilities per regulation 8605(2) and included in 181.3(1)(c)(ii)(A)(IV)
		Capital	Long-Term Debt			
Total					T	U
					(enter on page 4)	(enter on page 4)

Part B:

(1) Name of Foreign Insurance Subsidiary	(2) Long-term debt	(3) Capital Stock per subparagraph 181.3(3)(b)	(4) Retained Earnings	(5) Surpluses	(6) Subtotal (2)+(3)+(4)+(5)	(7) Deferred tax debit balance	(8) Deficit deducted in computing shareholder's equity	(9) Capital (6)-[(7)+(8)] Enter in column 2 in Part A above

- Notes:
- 1) The equity and consolidation methods of accounting shall not be used.
 - 2) Complete Part B as if the foreign insurance subsidiary was resident in Canada throughout the year.
 - 3) Include in column (3), in Part A, the cost of investments in respect of share capital or long-term debt.
 - 4) Amount in column (5), in Part A, for each subsidiary cannot be less than zero.
 - 5) Complete amounts as if the foreign life insurance subsidiary had to report to the Office of the Superintendent of Financial Institutions for that year.
 - 6) Where a corporation has elected to have the amendment to subparagraph 190.11(b)(i) apply to its 1991 and subsequent taxation years, the amendment under 181.3(1)(c)(ii)(A) will also apply to the corporation for those years.

