

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

Name of corporation	Account Number / Business Number	<table style="width:100%; border-collapse: collapse;"> <tr> <td style="text-align: center; border-bottom: 1px solid black;">Taxation year-end</td> </tr> <tr> <td style="text-align: center; border-bottom: 1px solid black;"> <table style="width:100%; border-collapse: collapse;"> <tr> <td style="width:33%; border-bottom: 1px solid black; text-align: center;">Day</td> <td style="width:33%; border-bottom: 1px solid black; text-align: center;">Month</td> <td style="width:33%; border-bottom: 1px solid black; text-align: center;">Year</td> </tr> </table> </td> </tr> </table>	Taxation year-end	<table style="width:100%; border-collapse: collapse;"> <tr> <td style="width:33%; border-bottom: 1px solid black; text-align: center;">Day</td> <td style="width:33%; border-bottom: 1px solid black; text-align: center;">Month</td> <td style="width:33%; border-bottom: 1px solid black; text-align: center;">Year</td> </tr> </table>	Day	Month	Year
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- 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 includes changes proposed by the Minister of Finance in April and July, 1995. These changes were not law at the time of printing but we are preparing to apply them.
- 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 <b>874, 884</b> or <b>892</b> whichever is applicable) .....	<b>900</b>	\$ _____
<b>Deduct:</b> Capital Deduction claimed for the year (Enter \$10,000,000 or, for related corporations, the amount allocated on form T2150) .....	<b>901</b>	_____
Excess (If there is no excess, do not file this return) .....	<b>800</b>	\$ _____

**PART I.3 TAX:**

Amount <b>800</b>	x	$\frac{\text{Number of days in the taxation year before February 28, 1995}}{\text{Number of days in the taxation year}}$	=	_____	x	.002	_____
Amount <b>800</b>	x	$\frac{\text{Number of days in the taxation year after February 27, 1995}}{\text{Number of days in the taxation year}}$	=	_____	x	.00225	_____
Total						<b>801</b>	\$ _____

**OR**

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

Amount **801** \$ \_\_\_\_\_ x  $\frac{\text{Number of days in the year } \mathbf{802} \text{ ( )}}{365}$  = **803** \$ \_\_\_\_\_

Gross Part I.3 Tax (Amount <b>801</b> or <b>803</b> , whichever is applicable) .....	<b>375</b>	\$ _____
<b>Deduct:</b>		
Surtax Credits Applied:		
Current Year Surtax credit (amount D from page 5) .....		_____
Unused Surtax credit carried forward from Form T962 .....		_____
Total (cannot exceed amount 375 above) .....	<b>905</b>	\$ _____
Net Part I.3 Tax Payable (Enter this amount at line 130 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 .....	<b>805</b>	\$ _____	
Capital stock (see Note below) .....	<b>806</b>	_____	
Retained earnings .....	<b>807</b>	_____	
Contributed surplus .....	<b>808</b>	_____	
Any other surpluses .....	<b>809</b>	_____	
Total .....	<b>810</b>	_____	▶ \$ _____
<b>Deduct:</b> Deferred tax debit balance at the end of the year .....	<b>811</b>	_____	
Any deficit deducted in computing the shareholders' equity at the end of the year .....	<b>812</b>	_____	
Total deductions .....	<b>813</b>	_____	▶ _____
Capital for the year .....			<b>814</b> \$ _____

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

**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.

Reserves that were not deducted in computing income under Part I for the year .....	<b>815</b>	\$ _____	
<b>Add</b> the following amounts as at the end of the year:			
Long-term debt .....	<b>816</b>	_____	
Capital stock (see note below) .....	<b>817</b>	_____	
Retained earnings .....	<b>818</b>	_____	
Contributed Surplus .....	<b>819</b>	_____	
Any other surpluses .....	<b>820</b>	_____	
Total .....	<b>821</b>	_____	▶ \$ _____
<b>Deduct:</b>			
Deferred tax debit balance at the end of the year .....	<b>822</b>	\$ _____	
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. ....	<b>823</b>	\$ _____	
Any deficit deducted in computing the shareholders' equity at the end of the year .....	<b>824</b>	\$ _____	
Total Deductions .....	<b>825</b>	\$ _____	▶ \$ _____
Capital for the year .....			<b>826</b> \$ _____

**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 amount that is the greater of:

A) the amount, if any, by which its surplus funds derived from operations (as defined in subsection 138(12)) as of the end of the year, computed as if no tax were payable under Part I.3 or Part VI for the year,

exceeds the total of all amounts each of which is

- i) an amount on which it was required to pay, or would but for subsection 219(5.2) have been required to pay, tax under Part XIV for a preceding taxation year, except the portion, if any, of the amount on which tax was payable, or would have been payable, because of subparagraph 219(4)(a)(i.1) and
- ii) an amount on which it was required to pay, or would but for subsection 219(5.2) have been required to pay, tax under subsection 219(5.1) for the year because of the transfer of an insurance business to which subsection 138(11.5) or (11.92) has applied, and

B) its attributed surplus for the year	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	\$	_____ <span style="float: right;">▶ \$ _____</span>

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(3)(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 (other than property held by the institution primarily for the purpose of resale that was acquired by the financial institution, in the year or the preceding taxation year, as a consequence of another person's default, or anticipated default, in respect of a debt owed to the institution) 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 <b>852</b> from page 3 .....	<b>860</b>	\$	
Taxable Capital for the Year (Amount <b>351</b> from page 3) .....	<b>861</b>	\$	
Add: Total of amounts described in subclause 181.3(1)(c)(ii)(A)(II) (Amount T from page 6) .....	<b>862</b>		
Subtotal .....	<b>863</b>	\$	
Canadian Reserve Liabilities at year end .....	<b>864</b>		
Total Reserve Liabilities at year end .....	<b>865</b>		
Total of amounts described in subclause 181.3(1)(c)(ii)(A)(V) (Amount U from page 6) .....	<b>866</b>		
(863 X 864/(865+866)) .....	<b>867</b>	\$	
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 .....	<b>868</b>	\$	
<b>Deduct:</b>			
The total of each reserve (other than a reserve described in subparagraph 138(3)(a)(i) that was included in the amount determined in <b>868</b> above and was deducted in computing income under Part I for the year) .....	<b>869</b>	\$	
The total of each reserve described in subparagraph 138(3)(a)(i) that was included in the amount determined in <b>868</b> above and was deductible under subparagraph 138(3)(a)(i) in computing income under Part I for the year . . .	<b>870</b>	\$	
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 <b>870</b> above) .....	<b>871</b>	\$	
Total deductions - Amounts <b>869</b> + <b>870</b> + <b>871</b> .....	<b>872</b>	\$	
Difference (Amount <b>868</b> less Amount <b>872</b> ) (if negative, enter 0) .....	<b>873</b>	\$	
Taxable Capital Employed in Canada (Amounts <b>860</b> + <b>867</b> + <b>873</b> ) .....	<b>874</b>	\$	

(Enter on page 1) D

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 <b>852</b> from page 3 .....	<b>880</b>	\$	
<b>Add:</b>			
Taxable capital for the year (Amount 351) .....	\$	X	Canadian premiums for the year
			Total premiums for the year
	<b>881</b>	\$	
	<b>882</b>	\$	
	=	<b>350</b>	
Taxable Capital Employed in Canada .....	<b>884</b>	\$	

(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 <b>852</b> from page 3 .....	<b>890</b>	\$	
<b>Add:</b>			
Taxable Capital for the year (Amount <b>351</b> ) .....	<b>891</b>		
Taxable Capital Employed in Canada .....	<b>892</b>	\$	

(Enter on page 1)

**CALCULATION OF CURRENT YEAR SURTAX CREDITS**

- For 1992 and subsequent taxation years, corporations can claim a credit against their Part I.3 tax for the amount of Canadian surtax payable. This is called Surtax credit.
- Financial Institutions can also apply the Surtax credit against their Part VI tax but only after applying the maximum amount against Part I.3 tax.
- Any Unused Surtax credit can be carried back three years or carried forward seven years but never to a taxation year ending before 1992. The Unused Surtax credits must be applied in order of the oldest first.
- Refer to subsection 181.1(7) of the Act when calculating the amount deductible in respect of a corporation's unused surtax credits where control of the corporation has been acquired between the year in which the credits arose and the year in which you want to claim them.

Current Year Surtax Credit equals Current Year Canadian Surtax Payable

**Canadian Surtax Payable**

For an Insurance corporation that was throughout the year not resident in Canada, or a company that carried on a life insurance business at any time in the year:

Line 209 from your T2 Return ..... \$ \_\_\_\_\_ D

In any other case,

Line 209 from your T2 Return \_\_\_\_\_ X  $\frac{\text{Line 350 from page 4}}{\text{Line 351 from page 3}}$  \_\_\_\_\_ = \_\_\_\_\_ D

Please note, amount D cannot exceed the corporation's tax payable under Part I for the the year as calculated without reference to subsections 125.2(1) and 125.3(1).

**CALCULATION OF PART I.3 TAX CREDIT AVAILABLE FOR CARRY-FORWARD**

Amount D ..... \$ \_\_\_\_\_

Less Part I.3 tax before deducting surtax credits (from Line 375 on page 1) ..... \_\_\_\_\_ E

Net Amount ..... \_\_\_\_\_ F

If amount F is positive: This excess may be used to reduce Part VI tax payable to the extent that the Part VI tax payable exceeds Part I tax credits on page 1 of form T2044 ..... \_\_\_\_\_ G

If amount F is negative: This represents the amount of unused surtax credit, for 1992 and subsequent taxation years, that may be carried forward (from prior years) to reduce Part I.3 tax payable in the current year. .... H

Part I tax before deducting Part VI tax credits and Part I.3 tax credits. .... \_\_\_\_\_

Less the total of:

Amount E above ..... \_\_\_\_\_

Part VI tax before deducting tax credits (Amount D from page 1 of form T2044) ..... \_\_\_\_\_

Net Amount ..... \_\_\_\_\_ I

Lesser of Amounts G and I. This represents the maximum amount of Part I.3 tax credit that may be carried forward from tax years prior to 1992 and applied this year to reduce Canadian Surtax Payable (Refer to form T962 for Unused Part I.3 tax credit balance) ..... \_\_\_\_\_ J

Note: The portion of Amount J carried forward should be entered at line 226 of the T2 return.

**CALCULATION OF CURRENT YEAR UNUSED SURTAX CREDIT**

Amount F (if positive) ..... \$ \_\_\_\_\_

Less: Part I.3 tax credits claimed (carried forward from taxation years prior to 1992, see amount J above) ..... \_\_\_\_\_ K

Net amount ..... \_\_\_\_\_

Amount WW from page 5 of form T2044 ..... \_\_\_\_\_

Less the total of:

Amount D from page 1 of form T2044 ..... \_\_\_\_\_

Amount E above ..... \_\_\_\_\_

Net Amount ..... \_\_\_\_\_ L

Current Year Unused Surtax Credit, the lesser of amounts K and L. Enter in box 2 on form T962 ..... \_\_\_\_\_ M

**CERTIFICATION**

Signature only required if this form is filed separately from signed T2 return.

I, \_\_\_\_\_, certify that the information given on this form is, to the best of my knowledge, correct and complete.  
(Please print)

\_\_\_\_\_ Date \_\_\_\_\_ Signature of authorized person \_\_\_\_\_ Position or office \_\_\_\_\_

