

**PART VI TAX ON CAPITAL OF FINANCIAL INSTITUTIONS (2000 and later taxation years)**

Name of corporation	Business Number	<table style="width:100%; border-collapse: collapse;"> <tr> <td style="text-align: center;">Taxation year end</td> </tr> <tr> <td style="text-align: center;">Year      Month      Day</td> </tr> </table>	Taxation year end	Year      Month      Day
Taxation year end				
Year      Month      Day				

- This schedule is for use by a corporation that is a financial institution at any time during the year and is liable to pay capital tax under Part VI or would be liable if not for the deduction under subsection 190.1(3) of the *Income Tax Act*.
- "Financial institution," "long-term debt," and "reserves" have the meaning assigned by subsection 190(1).
- Regulations, sections, subsections, subparagraphs and clauses referred to on this schedule are from the *Income Tax Act*.

**Part 1 – Capital**

**To be completed by a financial institution other than an authorized foreign bank or a non-resident life insurance corporation**

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

Reserves, except to the extent that they were deducted in computing income under Part I for the year (see note below) . . . . .	<b>101</b>	_____	
Long-term debt . . . . .	<b>102</b>	_____	
Capital stock (for a corporation incorporated without share capital, its members' contributions). . . . .	<b>103</b>	_____	
Retained earnings . . . . .	<b>104</b>	_____	
Contributed surplus . . . . .	<b>105</b>	_____	
Any other surpluses . . . . .	<b>106</b>	_____	
Subtotal		_____	▶ _____ <b>A</b>

**Deduct:**

Deferred tax debit balance . . . . .	<b>121</b>	_____	
Any deficit deducted in computing the shareholders' equity . . . . .	<b>122</b>	_____	
Deductions		_____	▶ _____ <b>B</b>

**Capital for the year** (amount A minus amount B) (if negative, enter "0") . . . . . **190** \_\_\_\_\_

**Note:** When calculating a life insurance corporation's capital for the year, do not add reserves.

**To be completed by an authorized foreign bank**

Add the following amounts as at the end of the year in respect of the Canadian banking business:

10% of the bank's risk-weighted assets and exposures according to OSFI* risk-weighting guidelines . . . . .	<b>201</b>	_____	
All amounts that would be deducted from the bank's capital under OSFI* risk-based capital adequacy guidelines to determine the adequacy of the bank's capital if the bank were a bank listed in Schedule II to the <i>Bank Act</i> and that are not for a loss protection facility respecting asset securitization . . . . .	<b>202</b>	_____	
<b>Capital for the year</b> (line 201 plus line 202) . . . . .	<b>290</b>	_____	

\*Office of the Superintendent of Financial Institutions

**To be completed by a life insurance corporation that was a non-resident of Canada throughout the year**

The total of the following amounts computed at the end of the year:  
The amount that is the greater of:

A) The amount, if any, by which its surplus funds derived from operations as of the end of the year, computed as if no tax were payable under Part I.3 or Part VI for the year, exceed 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 part, 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 . . . . . **301** \_\_\_\_\_

B) The attributed surplus for the year . . . . . **302** \_\_\_\_\_

Any other surpluses relating to insurance businesses carried on in Canada . . . . . **303** \_\_\_\_\_

Long-term debt that may reasonably be regarded as relating to insurance businesses carried on in Canada . . . . . **304** \_\_\_\_\_

Subtotal \_\_\_\_\_ **C**

Add the amount by which:

Reserves for the year (other than reserves in respect of 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>331</b>	_____	D
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**Exceed:**

The amount of each reserve [other than a reserve described in subparagraph 138(3)(a)(i)] to the extent it is included in the amount determined at line 331 above and was deducted in computing income under Part I for the year . . . . .	<b>341</b>	_____	
The amount of each reserve described in subparagraph 138(3)(a)(i) to the extent it is included in the amount determined at line 331 above and was deductible under subparagraph 138(3)(a)(i) in computing income under Part I for the year . . . . .	<b>342</b>	_____	
The total of each amount outstanding (including any accrued interest) as at the end of the year in respect of a policy loan made by the corporation that was deducted in computing the amount determined at line 342 above . . . . .	<b>343</b>	_____	
Total deductions (add lines 341, 342, and 343)		_____	▶ _____ <b>E</b>

Difference (amount D minus amount E) (if negative, enter "0") . . . . . \_\_\_\_\_ **F**

**Capital for the year** (amount C plus amount F) . . . . . **390** \_\_\_\_\_

**Part 2 – Investments in related financial institutions**

**To be completed by a financial institution that was resident in Canada at any time in the year, by a life insurance corporation that was a non-resident of Canada throughout the year (see note 2 below), or by an authorized foreign bank (see note 3 below)**

**Add** the carrying value at the end of the year of the following eligible investments of the financial institution. For an insurance corporation, include only eligible investments that are non-segregated property .

Any share of the capital stock of the related financial institutions .....	<b>401</b>	_____	
Any long-term debt of the related financial institutions .....	<b>404</b>	_____	
Subtotal (add lines 401 and 404)		_____	▶ _____ G
<b>Plus:</b> The amount of any surplus of the related financial institutions contributed by the corporation and not reflected in the carrying value of shares and long-term debts above. ....	<b>411</b>	_____	H
Total investments in related financial institutions (amount G plus amount H) .....	<b>490</b>	_____	

**Notes:**

- 1) The eligible investments of the corporation should include only those of related financial institutions that are resident in Canada or are using the surplus or proceeds of the share or debt in a business carried on by the related financial institution through a permanent establishment in Canada. This condition applies to authorized foreign banks for their taxation years ending after June 27, 1999 and to all other financial institutions for their taxation years ending after 2001.
- 2) In the case of a life insurance corporation that was a non-resident of Canada throughout the year, its eligible investments should include only those used or held (or amount of surplus contributed) by the corporation in the year in the course of carrying on an insurance business in Canada.
- 3) In the case of an authorized foreign bank, its eligible investments should be the amount before the application of risk weights, that would be reported under OSFI risk-weighting guidelines and should include only those used or held (or amount of surplus contributed) by the corporation in the year in the course of carrying on its Canadian banking business.

**Part 3 – Taxable capital**

Capital for the year (amount from line 190, 290, or 390 on page 1, whichever applies) .....	_____
<b>Deduct:</b> Total investments in related financial institutions (amount from line 490) .....	_____
<b>Taxable capital for the year</b> (if negative, enter "0") .....	<b>500</b> _____

**Part 4 – Taxable capital employed in Canada**

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

Taxable capital for the year (amount from line 500) .....	_____	
<b>Add:</b> Total of amounts described in clause 190.11(b)(i)(B) (amount OO on page 6) .....	<b>521</b>	_____
Subtotal	<b>525</b>	_____
<b>Deduct:</b> Total of amounts described in clause 190.11(b)(i)(C) (amount PP on page 6) .....	<b>525</b>	_____
Total		▶ _____ I
Canadian reserve liabilities at year end .....	<b>522</b>	_____ J
Total reserve liabilities at year end .....	<b>523</b>	_____ K
Total of amounts described in clause 190.11(b)(i)(E) (amount from line QQ on page 6) .....	<b>524</b>	_____ L
Proportion of capital over reserve liabilities = (I×J) ÷ (K+L) .....	<b>530</b>	_____ M
<b>Add</b> the amount by which:		
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>531</b>	_____ N
<b>Exceed:</b>		
The amount of each reserve (other than a reserve described in subparagraph 138(3)(a)(i)) to the extent it is included in the amount determined at line 531 above and was deducted in computing income under Part I for the year. ....	<b>541</b>	_____
The amount of each reserve described in subparagraph 138(3)(a)(i) to the extent it is included in the amount determined at line 531 above and was deductible under subparagraph 138(3)(a)(i) in computing income under Part I for the year. ....	<b>542</b>	_____
The total of each amount outstanding (including any accrued interest) as at the end of the year in respect of a policy loan made by the corporation to the extent that it was deducted in computing the amount determined at line 542 above .....	<b>543</b>	_____
Total deductions (add lines 541, 542, and 543)		▶ _____ O
Difference (amount N minus amount O) (if negative, enter "0") .....		▶ _____ P
<b>Taxable capital employed in Canada</b> (amount M plus amount P) .....	<b>590</b>	_____

**Part 4 – Taxable capital employed in Canada (continued)**

To be completed by a financial institution other than a life insurance corporation

Taxable capital for the year (line 500)	_____	X	Canadian assets at the end of the year	<b>611</b>	_____	=	Taxable capital employed in Canada	<b>690</b>	_____
			Total assets at the end of the year	<b>612</b>	_____				

To be completed by a life insurance corporation that was a non-resident of Canada throughout the year

Taxable capital employed in Canada (enter the amount from line 500) ..... **790** \_\_\_\_\_

**Part 5 – Capital deduction**

Basic amount	.....	200,000,000
<b>Add:</b> the lesser of	..... <u>20,000,000</u> Q	
AND		
The taxable capital employed in Canada for the year (amount 590, 690, or 790) (see note 1)	..... <u>200,000,000</u>	
<b>Deduct</b>	.....	
	Subtotal _____	x 1/5 = _____ R
Lesser of amounts Q and R	.....	
<b>Capital deduction</b>	.....	S
Capital deduction claimed by this institution (see note 2)	.....	T

**Notes:**

- For financial institutions that are related at the end of the year, the taxable capital employed in Canada is generally equal to the aggregate of the taxable capital employed in Canada of each member institution of the related group for the year.
- For a financial institution that is not related to another financial institution at the end of the year, the "Capital deduction claimed by this institution" is amount S calculated above. For financial institutions that are related at the end of the year, an agreement can be filed on behalf of the related group to allocate the capital deduction among the members of the group. If such an agreement is made, Schedule 39 must be completed and filed with this schedule and the "Capital deduction claimed by this institution" is the amount allocated to it. Where a financial institution has more than one taxation year ending in the same calendar year and in two or more of those taxation years is related to another financial institution that has a taxation year ending in the same calendar year, the capital deduction of the financial institution for each taxation year is the capital deduction for its first taxation year.

**Part 6 – Capital allowance**

Basic amount	.....	10,000,000
<b>Plus</b> the following: (see note 1 below)		
0.50 x [(lesser of \$50,000,000 and line 590 or 790) - \$10,000,000] = (if negative, enter "0")	.....	
0.25 x [(lesser of \$100,000,000 and line 590 or 790) - \$50,000,000] = (if negative, enter "0")	.....	
0.50 x [(lesser of \$300,000,000 and line 590 or 790) - \$200,000,000] = (if negative, enter "0")	.....	
0.75 x (line 590 or 790 - \$300,000,000) = (if negative, enter "0")	.....	
	Subtotal _____	▶ _____
<b>Capital allowance</b>	.....	U
Capital allowance claimed by this corporation (see note 2)	.....	V

**Notes:**

- For life insurance corporations that are related at the end of the year, the amount at line 590 or 790 in each of the calculations above is equal to the aggregate of the taxable capital employed in Canada of each member corporation of the related group for the year.
- For a life insurance corporation that is not related to another life insurance corporation at the end of the year, the capital allowance claimed by this corporation is amount U calculated above. For life insurance corporations that are related at the end of the year, an agreement can be filed on behalf of the related group to allocate the capital allowance among the members of the group. If such an agreement is made, Schedule 40 must be completed and filed with this schedule and the capital allowance claimed by this corporation is the amount allocated to it. Where a life insurance corporation has more than one taxation year ending in the same calendar year and in two or more of those taxation years is related to another life insurance corporation that has a taxation year ending in the same calendar year, the capital deduction of the life insurance corporation for each taxation year is the capital deduction for its first taxation year.

**Part 7 – Additional temporary tax on life insurance corporations**

If the corporation is a life insurance corporation that carries on a business in Canada, subsection 190.1(1.1) imposes an additional Part VI tax on the taxable capital employed in Canada for a taxation year of life insurers in excess of their "capital allowance." See section 190.16.

Taxable capital employed in Canada (line 590 or 790 from page 2 or 3) ..... \_\_\_\_\_

**Deduct:** Capital allowance claimed by this corporation (amount V from page 3) ..... **802** \_\_\_\_\_

Excess amount (if negative, enter "0") ..... **812** \_\_\_\_\_

Amount from line 812 \_\_\_\_\_ x 0.01 = ..... \_\_\_\_\_ **W**

Amount W \_\_\_\_\_ x  $\frac{\text{Number of days in the taxation year before 2001 ( )}}{365}$  = ..... \_\_\_\_\_ **X**

**Additional temporary tax** (amount X) ..... **822** \_\_\_\_\_ **Y**

**Part 8 – Additional temporary tax payable by deposit-taking institutions**

Where the corporation is a financial institution (other than a life insurance corporation), subsection 190.1(1.2) imposes an additional Part VI tax on the taxable capital employed in Canada for a taxation year in excess of its "enhanced capital deduction." See subsection 190.17(1).

Taxable capital employed in Canada (line 690 on page 3) ..... \_\_\_\_\_

**Deduct:** Enhanced capital deduction claimed by the institution (enter \$400,000,000 or, for related corporations, the amount allocated on Schedule 41) (see note below) ..... **803** \_\_\_\_\_

Excess amount (if negative, enter "0") ..... **813** \_\_\_\_\_

Amount from line 813 \_\_\_\_\_ x 0.0015 = ..... \_\_\_\_\_ **Z**

Amount Z \_\_\_\_\_ x  $\frac{\text{Number of days in the taxation year before November 2000 ( )}}{365}$  = ..... \_\_\_\_\_ **AA**

**Additional temporary tax** (amount AA) ..... **823** \_\_\_\_\_ **BB**

**Note:** Where a corporation has more than one taxation year ending in the same calendar year and in 2 or more of those taxation years is related to another corporation that has a taxation year ending in the calendar year, the capital deduction of the corporation for each taxation year is the capital deduction for its first taxation year.

**Part 9 – Calculation of gross Part VI tax**

Taxable capital employed in Canada (line 590, 690, or 790 from page 2 or 3) ..... \_\_\_\_\_

**Deduct:** Capital deduction claimed by the institution (amount T from page 3) ..... **804** \_\_\_\_\_

Excess amount (if negative, enter "0") ..... **814** \_\_\_\_\_ **CC**

Amount from line 814 \_\_\_\_\_ x 0.0125 = ..... **824** \_\_\_\_\_ **DD**

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

Amount DD \_\_\_\_\_ x  $\frac{\text{Number of days in the taxation year ( )}}{365}$  = ..... \_\_\_\_\_ **EE**

**Gross Part VI tax** (enter amount DD or amount EE, whichever applies) plus amount Y above ..... **830** \_\_\_\_\_ **FF**

**Part 10 – Calculation of current year Part I tax credits**

- If amount FF above is zero, complete only this part and Part 12 on page 5.
- Corporations can claim a credit against their Part VI tax for the amount of Part I tax payable (excluding the amount of Canadian surtax payable for the year). This is called a Part I tax credit.
- Any unused Part I tax credit can be carried back three years or carried forward seven years. The unused Part I tax credit must be applied in order of the oldest first.
- If 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, see subsection 190.1(6) of the Act when calculating the amount deductible under Part VI for a corporation's unused surtax and Part I tax credits.

Part I tax payable (amount from line 700 of the T2 return) ..... \_\_\_\_\_ **GG**

**Deduct:** Canadian surtax payable for the year (amount from line 830 of Schedule 34 or line 830 of Schedule 35) ..... \_\_\_\_\_

**Current year Part I tax credit** (if negative, enter "0") ..... **840** \_\_\_\_\_

Complete Parts 11 and 12 on the next page.

**Part 11 – Calculation of unused Part I tax credit carried forward from previous years that can be applied this year**

Gross Part VI tax (line 830)	_____	
<b>Deduct:</b> Current year Part I tax credit (line 840)	_____	
	Subtotal	▶ _____
<b>Deduct:</b> Amount I from Schedule 34 or amount X from Schedule 35	_____	
	Net amount (if negative, enter "0")	▶ _____ <b>HH</b>
Balance of unused Part I tax credit carried forward from previous years (amount A from Schedule 42)	_____	<b>II</b>
<b>Unused Part I tax credit that can be carried forward and applied this year</b> (amount HH or II, whichever is less)	_____	<b>JJ</b>

**Part 12 – Calculation of current year unused Part I tax credit**

Current year Part I tax credit (line 840)	_____
<b>Less:</b> Gross Part VI tax (line 830)	_____
<b>Current year unused Part I tax credit</b> (if negative, enter "0")	<b>870</b> _____
Enter this amount at line 600 on Schedule 42	

**Part 13 – Calculation of net Part VI tax payable**

Gross Part VI tax (line 830)	_____	<b>KK</b>
<b>Deduct:</b>		
Part I tax credit applied from:		
the current year (line 830 or line 840, whichever is less)	<b>881</b> _____	
previous years (cannot be more than amount JJ above)	<b>882</b> _____	
Surtax credit applied from:		
the current year (amount I from Schedule 34 or amount X from Schedule 35)	<b>886</b> _____	
previous years (cannot be more than amount A on Schedule 37)	<b>887</b> _____	
Subtotal (add lines 881, 882, 886, and 887)	_____	▶ _____ <b>LL</b>
	Subtotal (amount KK minus amount LL)	_____
<b>Add:</b> Additional temporary Part VI tax on deposit-taking institutions (amount BB from Part 8)	_____	
<b>Net Part VI tax payable</b>	<b>890</b> _____	
Enter this amount at line 720 of the T2 return		

**Part 14 – Calculation of current year unused surtax credit**

Amount from line 850 of Schedule 34 or 35	_____	<b>MM</b>
<b>Deduct:</b>		
Gross Part VI tax (line 830)	_____	
<b>Minus:</b> Part I tax credit applied from the current year (line 881)	_____	
Part I tax credit applied from previous years (line 882)	_____	
Subtotal	_____	▶ _____
	Subtotal	▶ _____ <b>NN</b>
<b>Current year unused surtax credit</b> (amount MM minus amount NN) (if negative, enter "0")	<b>910</b> _____	
Enter this amount at line 600 on Schedule 37.		

Complete the following tables to determine the amounts to use in Part 4, on page 2, in calculating the taxable capital employed in Canada of a Canadian resident corporation that carried on a life insurance business.

**Table 1**

1	2	3		4	5	6	7
Name of foreign insurance subsidiary	Capital of foreign insurance subsidiary per Regulation 8605(1)(a) (from column 9 in Table 2)	Capital stock and long-term debt invested in the subsidiary per Regulation 8605(1)(b)		Any additional surplus contributed into the subsidiary per Regulation 8605(1)(c)	Amounts to be included in clause 190.11(b)(i)(B) Columns (2) - [(3)+(4)]	Amounts to be included in clause 190.11(b)(i)(C) Columns [(3)+(4)] - (2)	Reserve liabilities per Regulation 8605(3) to be included in clause 190.11(b)(i)(E)
		Capital stock	Long-term debt				
1.							
2.							
3.							
4.							
5.							
6.							
7.							
8.							

<b>Totals</b>	OO	PP	QQ
	(enter on page 2)	(enter on page 2)	(enter on page 2)

**Table 2**

1	2	3	4	5	6	7	8	9
Name of foreign insurance subsidiary	Long-term debt	Capital stock or members' contributions	Retained earnings	Surpluses	Subtotal (2)+(3)+(4)+(5)	Deferred tax debit balance	Deficit deducted in computing shareholder's equity	Capital (6) - [(7)+(8)] Enter in column (2) in table 1 above
1.								
2.								
3.								
4.								
5.								
6.								
7.								
8.								

**Notes**

- 1) Do not use the equity or consolidation method of accounting.
- 2) Include in column 3 of table 1, the carrying value to its owner of the share of capital stock or long-term debt.
- 3) The amount in column 5 and the amount in column 6 of table 1, for each subsidiary, cannot be less than zero.
- 4) The amounts in column 7 of table 1 are those that would be reported by the foreign insurance subsidiary for that year if it had to report to the Office of the Superintendent of Financial Institutions (OSFI). All other amounts are those that would be reported by the foreign insurance subsidiary, if it were to prepare financial statements in accordance with Generally Accepted Accounting Principles (GAAP).