



Name of corporation	Business Number	Taxation year end Year    Month    Day
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- 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 federal *Income Tax Act*.

Filing date (for departmental use only) .....	<b>100</b>	Taxation year end Year    Month    Day
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**Part 1 – Capital**  
**Financial institution other than a non-resident life insurance corporation**

A financial institution, other than a non-resident life insurance corporation, should complete this section.

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

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

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

**or non-resident life insurance corporation**

A life insurance corporation that, throughout the year, was not resident in Canada should complete this section.

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 .....

B) The attributed surplus for the year .....	<b>301</b>			
Any other surpluses relating to insurance businesses carried on in Canada .....	<b>302</b>			
Long-term debt that may reasonably be regarded as relating to insurance businesses carried on in Canada .....	<b>303</b>			
Subtotal			▶	

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>			
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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>			
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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>			
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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>			
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Total deductions (add lines 341, 342 and 343) .....			▶	
Difference (amount D minus amount E) (if negative, enter "0") .....			▶	

**Capital for the year** (amount C plus amount F) (if negative, enter "0") .....

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

This part is to be completed by a corporation that was resident in Canada at any time in the year or by a life insurance corporation that was not resident in Canada throughout the year (see note below) and that has investments in related financial institutions.

The carrying value of the following assets that the corporation owns at the end of the year and, for a life insurance corporation, that are non-segregated properties as defined by subsection 138(12).

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

**Note:** For a life insurance corporation that was not resident in Canada throughout the year, the shares and long-term debts of related financial institutions should include only those used or held by the corporation in the year in the course of carrying on an insurance business in Canada.

**Part 3 -- Taxable capital**

Capital for the year (amount from line 190 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 taxation year (if negative, enter "0")</b> .....		500

**Part 4 -- Taxable capital employed in Canada  
Canadian resident life insurance corporation**

Taxable capital for the year (amount from line 500) .....	521			
<b>Add:</b> Total of amounts described in clause 190.11(b)(i)(B) (amount WW on page 6) .....	521			
	Subtotal			
	525			
<b>Deduct:</b> Total of amounts described in clause 190.11(b)(i)(C) (amount XX on page 6) .....				
	Total		▶	
Canadian reserve liabilities at year end .....				I
Total reserve liabilities at year end .....				J
Total of amounts described in clause 190.11(b)(i)(E) (amount from line YY on page 6) .....				K
Proportion of capital over reserve liabilities = (IxJ) ÷ (K+L) .....				L
				M
<b>Add the amount by which:</b>				
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 .....				N
	531			
<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 .....	541			
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 .....	542			
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 .....	543			
<b>Total deductions (add lines 541, 542, and 543)</b> .....			▶	
<b>Difference (amount N minus amount O) (if negative, enter "0")</b> .....			▶	
<b>Taxable capital employed in Canada (amount M plus amount P)</b> .....				
	590			

**Part 5 – Taxable capital employed in Canada**  
**Financial Institution other than a life insurance corporation**

Taxable Capital for the year (amount from line 500) \_\_\_\_\_ x  $\frac{\text{Canadian assets at the end of the year } \boxed{611}}{\text{Total assets at the end of the year } \boxed{612}}$  =  $\boxed{690}$

or

**Non-resident life insurance corporation**

Taxable capital for the year (amount from line 500) .....  $\boxed{790}$

**Part 6 – Capital deduction**

Basic amount ..... 200,000,000  
 Add: the lesser of ..... 20,000,000 Q  
 AND  
 The taxable capital employed in Canada for the year (amount 590, 690 or 790) (see note 1) ..... 200,000,000  
 Deduct .....  
 Subtotal ..... x 1/5 = ..... R  
 Lesser of amounts Q and R ..... S  
**Capital deduction** .....  
 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 return 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 7 – Capital allowance**

Basic amount ..... 10,000,000  
 Plus 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") .....  
 Total ..... U  
**Capital allowance** ..... V  
 Capital allowance claimed by this corporation (see note 2) .....

**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 return 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 8 – 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) ..... **802** \_\_\_\_\_

**Deduct:** Capital allowance claimed by this corporation (amount V from page 3) ..... **812** \_\_\_\_\_

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

Additional temporary tax: 0.01 x excess amount ..... \_\_\_\_\_ **W**

**AND**

Amount W \_\_\_\_\_ x  $\frac{\text{Number of days in the taxation before 1999 ( )}}{365}$  = \_\_\_\_\_ **X**

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

**Part 9 – 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** \_\_\_\_\_

Additional temporary tax: 0.0015 x excess amount ..... \_\_\_\_\_ **Z**

**AND**

Amount Z \_\_\_\_\_ x  $\frac{\text{Number of days in the taxation year before November 1999 ( )}}{365}$  = \_\_\_\_\_ **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 10 – Calculation of gross Part VI tax**

Taxable capital employed in Canada (line 590, 690 or 790 from page 2 or 3) ..... **804** \_\_\_\_\_

**Deduct:** Capital deduction claimed by the institution (amount T from page 3) ..... **814** \_\_\_\_\_ **CC**

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

Part VI tax: Amount CC \_\_\_\_\_ 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 11 – Calculation of current year Part I tax credits**

- If amount FF above is zero, complete only this part and parts 12 and 14 on pages 4 and 5.
- For 1992 and later taxation years, 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). 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, but never to a taxation year ending before 1992. 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 before you deduct Part VI tax credits on line 656 and Part I.3 tax credits on line 660 of the T2 return. (see note below) ..... **GG**  
 Complete Part 12 to determine amount HH.

**Deduct:** Part VI tax credits carried forward from pre-1992 taxation years (part of amount LL from page 5 carried forward and entered at line 656 of the T2 return) ..... **HH**

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

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

**Current year Part I tax credit** ..... **840** \_\_\_\_\_

Complete Parts 13 and 14 on the next page.

**Note:** See Schedule 37 and Schedule 34 or 35, whichever applies, to determine your Part I.3 tax credits, if any, at line 660 of the T2 return.

**Part 12 – Calculation of Part VI tax credit that can be carried forward and applied this year**

Amount GG from Part 11 .....		II
<b>Deduct the total of:</b>		
Part VI tax before deducting tax credits (amount FF from Part 10) .....		
The lesser of lines 820 and 830 from Schedule 34 or Schedule 35 .....	▶	JJ KK
<b>Net amount</b> (amount II minus amount JJ) .....		KK
If amount KK is positive: Amount of Part VI tax credit that may be carried forward from taxation years before 1992 and applied this year to reduce Part I tax payable. Refer to Part 1 of Schedule 42 for balance of unused Part VI tax credit. If negative, enter "0" at lines LL and HH in Part 11.		
Enter the portion of amount LL carried forward at line HH .....		LL
<b>Note:</b> This amount also represents the amount of unused Part I tax credits and unused surtax credits from the current year that can be carried back to reduce net Part VI tax payable in post-1991 taxation years. Complete Parts 2 and 3 of Schedule 42 if you are carrying back unused Part I tax credit.		

**Part 13 – Calculation of current year unused Part VI tax credit**

Gross Part VI tax before deducting tax credits (amount FF from Part 10) .....		
<b>Deduct:</b> the amount from line 840 in Part 11 .....		
	Subtotal	▶
<b>Deduct:</b> Amount J from Schedule 34 or amount Y from Schedule 35 .....		
	Total	MM
If positive, this amount is the unused Part I tax credit that you can carry forward from post-1991 taxation years to reduce Part VI tax payable in the current year. If negative, enter "0." See Schedule 42 for balance of unused Part I tax credit.		
		NN

**Part 14 – Calculation of unused Part I tax credit for the current year**

Amount from line 840 in Part 11 .....		OO
<b>Deduct:</b> Amount FF from page 4 .....		PP
<b>Unused Part I tax credit for the current year</b> (amount OO minus amount PP) .....	870	QQ
Enter amount QQ at line 600 on Schedule 42		

**Part 15 – Calculation of net Part VI tax payable**

Part VI tax (amount FF from Part 10) .....		RR
<b>Deduct:</b>		
Part I tax credits applied:		
Current year (the lesser of line 840 in Part 11 and amount RR above) .....	881	
Carried forward from Part 2 of Schedule 42 .....	882	
Surtax credits applied:		
Current year (amount K from Schedule 34 or amount Z from Schedule 35) .....	886	
Carried forward from Part 2 of Schedule 37 .....	887	
	Subtotal (amount RR minus amount SS)	▶
<b>Add:</b> Additional temporary Part VI tax on deposit-taking institutions (amount 88 from Part 9) .....		
<b>Net Part VI tax payable</b> (enter amount TT on line 720 of the T2 return) .....	890	TT

**Part 16 – Calculation of unused surtax credit for the current year**

Amount from line 850 of Schedule 34 or 35 .....		UU
<b>Deduct:</b>		
Part VI tax (amount from line RR in Part 15 above) .....		
<b>Minus:</b> Current-year Part I tax credits applied (amount from line 881 in Part 15) .....		
Part I tax credits carried forward (amount from line 882 in Part 15) .....		
	Subtotal	▶
<b>Unused surtax credit for the current year</b> (amount UU minus VV) (if negative, enter "0") .....	910	VV
Enter amount from line 910 above 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 Name of foreign insurance subsidiary	2 Capital of foreign insurance subsidiary per Regulation 8605(1)(a) (from column 9 in Table 2)	3 Capital stock and long-term debt invested in the subsidiary per Regulation 8605(1)(b) and 8605(1)(c)		4 Any additional surplus contributed into the subsidiary per Regulation 8605(1)(d)	5 Amounts to be included in 190.11(b)(i)(B) Columns (2) - [(3)+(4)]	6 Amounts to be included in 190.11(b)(i)(C) Columns (3) - (2)	7 Reserve liabilities per Regulation 8605(3) and included in 190.11(b)(i)(E)
			Capital	Long-term debt				
1.								
2.								
3.								
4.								
5.								
6.								
7.								
8.								

Totals	WW	XX	YY
	(enter on page 2)	(enter on page 2)	(enter on page 2)

**Table 2**

	1 Name of foreign insurance subsidiary	2 Long-term debt	3 Capital stock per subparagraph 190.13(b)(ii)	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 table 1 above
1.									
2.									
3.									
4.									
5.									
6.									
7.									
8.									

**Notes:**

- 1) Do not use the equity or consolidation method of accounting.
- 2) Complete table 2 as if the foreign insurance subsidiary was resident in Canada throughout the year.
- 3) Include in column 3, table 1, the cost of investments for share capital or long-term debt.
- 4) Amount in column 5, table 1, 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.