

Part A – Calculating Part XII.2 tax and the refundable Part XII.2 tax credit

- Part XII.2 tax does not apply to testamentary trusts, mutual fund trusts, or most trusts exempt from tax under Part I. For a complete list of trusts to which Part XII.2 tax does not apply, read Lines 1001 to 1010 in the T3 guide.
- Part XII.2 tax is calculated on income allocated by trusts to designated beneficiaries where the trust has specified income.
- We define "designated beneficiary" and "specified income" in the T3 guide, in the section called "Schedule 10 – Calculation of Part XII.2 Tax and Part XIII Non-Resident Withholding Tax."
- Part XII.2 tax is due no later than 90 days after the trust's taxation year end. Trustees are personally liable for any Part XII.2 tax not paid by the due date.
- Eligible beneficiaries will receive a refundable tax credit for Part XII.2 tax that the trust paid.

Specified income

Net business income (loss) from businesses carried on in Canada (from lines 06 to 08 on the return)		1001 •
Net income (loss) from real properties (land and buildings) located in Canada (from line 09 on the return)	+	1002 •
Net income (loss) from timber resource properties	+	1003 •
Net income (loss) from Canadian resource properties the trust acquired after 1971	+	1004 •
Taxable capital gains and allowable capital losses from the disposition of taxable Canadian property	+	1005 •
Total specified income (add lines 1001 to 1005)	=	1006

Calculating Part XII.2 tax

Amount allocated and designated to beneficiaries other than by preferred beneficiary elections

Resident beneficiaries (from line 928, column 1 of Schedule 9)		A	
Non-resident beneficiaries (from line 928, column 2 of Schedule 9)	+	B	
Subtotal (add lines A and B)	=		C
Taxable benefit (from line 44 on the return)	-		D
Adjusted amount allocated and designated to beneficiaries (line C minus line D)	=		1007

Part XII.2 tax (Amount from line 1006 or 1007, whichever is less X 36%) = 1008

Transfer the amount from line 1008 to line 83 on the return.

Calculating Part XII.2 refundable tax credit for eligible beneficiaries

Income allocated to designated beneficiaries	<input type="text"/>	X amount from line 1008	<input type="text"/>	=	<input type="text"/>	1009
Divide by amount from line 1007 above	<input type="text"/>	above				

Transfer the amount from line 1009 to line 1026 of Part B below.

Part XII.2 refundable tax credit for eligible beneficiaries (line 1008 minus line 1009) = 1010

Transfer the amount on line 1010 to line 938 of Schedule 9, *Summary of Income Allocations and Designations to Beneficiaries*. If there is only one eligible beneficiary, enter the amount from line 1010 to box 38 of that beneficiary's T3 slip (Part XII.2 tax credit). If there is more than one eligible beneficiary, see Line 1010 in the guide for instructions on how to calculate the box 38 amount for each eligible beneficiary.

Part B – Calculating Part XIII non-resident withholding tax

Payer's remittance no.

Total income paid or payable to non-resident beneficiaries (from line 928, column 2 of Schedule 9)		1020
Adjustment for non-cash items included above (provide reconciliation) (if negative, enter in brackets)	+	1021 •
Amounts paid or payable (add lines 1020 and 1021)	=	1022
Amounts not subject to Part XIII tax:		
Capital gains distributions of mutual fund trusts		1023 •
Distributions by certain trusts established before 1949	+	1024 •
Other (specify)	+	1025 •
Amount from line 1009 above	+	1026
Subtotal (add lines 1023 to 1026)	=	1027

Amount subject to non-resident tax (line 1022 minus line 1027) = 1028

Non-resident tax payable (Multiply the amount on line 1028 by the appropriate rate of tax. This amount has to be the same as the amount reported on the NR4 Summary and the related NR4 slip(s)) 1029

Amounts previously remitted on Form NR-76, *Non-Resident Tax Statement of Account* 1030

Part XIII tax due (line 1029 minus line 1030 — remit the Part XIII tax with Form NR-76, NR4 Summary, and NR4 slip(s)) = 1031