



PATRONAGE DIVIDEND DEDUCTION (2006 and later taxation years)

Name of corporation, Business Number, Taxation year-end (Year, Month, Day)

- Use this form to claim a deduction from income for payments made to customers for allocations in proportion to patronage (patronage dividends) made within the year or within the following 12 months.
If the patronage dividends are paid to non-arm's length persons after March 22, 2004, only co-operatives and credit unions are entitled to a deduction for such dividends.
Do not include payments made to member customers in an agency relationship under contractual obligations.
Generally, tax-deferred co-operative shares are particular types of shares that are issued after 2005 and before 2016 by an agricultural co-operative corporation to a person or partnership that is an eligible member of the agricultural co-operative corporation at the time of the issuance, under an allocation in proportion to patronage.
References to patronage dividends paid by an agricultural co-operative corporation in the form of tax-deferred co-operative shares are based on proposed legislation.
File an amended Schedule 16 for payments that are deductible in the taxation year, but made to customers after filing this schedule.
File one completed copy of this schedule with the T2 Corporation Income Tax Return within six months of the end of the taxation year.
For more information, see Interpretation Bulletins IT-362, Patronage Dividends, and IT-493, Agency Cooperative Corporations.

Part 1 - Details of patronage dividends paid and other information

Table with 3 columns: Description, Member customers, Non-member customers. Rows include Payments to customers of the year (101, 104), Payments to customers of a previous year (102, 105), and Totals (A, B).

Were any of the above patronage dividends paid by an agricultural co-operative corporation in the form of tax-deferred co-operative shares? 150 1 Yes [] 2 No []

Total patronage dividends paid to all customers (total of amounts A and B) 109

Total business transacted: a) with member customers 110 % C b) with non-member customers 111 % D Total business transacted 100%

Net income before patronage dividend deduction 112

Percentage C % x Amount from line 112 = E

Note: Keep all documents showing how the payment was made, the date(s) of payment, the date(s) of allocation, and the year(s) of the customer's patronage.

Were the patronage dividends calculated at the same rate to all customers (members and non-members), except to allow for different types or classes of goods, products, or services, or classes, grades, or qualities of these goods, products, or services? 200 1 Yes [] 2 No []

Part 2 - Calculation for agricultural co-operative corporations

Complete this part if you answered Yes to the question at line 150 above. If you answered No, leave it blank and go to Part 3.

Patronage dividends paid in the form of tax-deferred co-operative shares 209 F

Amount E x 85% = G

Enter amount F or G, whichever is less H

Add: Patronage dividends paid in the form of property other than tax-deferred co-operative shares (enter amount from line 109 minus line 209) I

Amount used in the calculation of the patronage dividend deduction of an agricultural co-operative corporation (total of amounts H and I) J

Part 5 – Calculation of income from an active business carried on in Canada (ABI)

Active business income (ABI) before patronage dividend deduction **118** _____

If the amount at line 118 is equal to the amount at line 112, enter the patronage dividend deduction from line 116 at line R R

If the amount at line 118 is different from the amount at line 112, complete the following:

Total patronage dividends (paid to all customers) attributable to the ABI **119** _____

ABI attributable to member customers business:

Percentage C from Part 1 _____ % x amount at line 118 _____ = _____ S

Add: Patronage dividends credited to non-member customers of the year and attributable to income earned from an active business **120** _____

Total _____ T

Patronage dividend deduction for current-year payments (whichever is less: amount at line 119 or amount T) **121** _____

Deduction for amounts carried forward:

ABI attributable to member customer business (amount S) _____

Less: Amount at line 121 minus amount at line 120 _____

_____ U

Portion of amount carried forward that relates to the active business carried on in Canada **122** _____

Amount carried forward that is deductible in the current year (whichever is less: amount U or amount at line 122) **123** _____

Total of amounts at lines 121 and 123 _____ V

Patronage dividend deduction (amount R or V, whichever applies) _____ W

Income from active business carried on in Canada (amount at line 118 minus amount W) **124** _____

(Enter amount from line 124 at line 400 of the T2 return.)