

PATRONAGE DIVIDEND DEDUCTION

Name of payer	Corporation account number or social insurance number	Taxation year-end Day Month Year
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- For use by a taxpayer to claim a deduction from income for payments made for allocations in proportion to patronage (patronage dividends) made within the year or within the following twelve months to customers of the year or previous year.
- Do not include payments made to members in an agency relationship under contractual obligations.
- File an amended Schedule T2S(16) for payments to customers that are deductible in the taxation year but made after filing this schedule.
- File one completed copy of this schedule with the taxpayer's income tax return for the taxation year.
- For more information refer to IT-362R, *Patronage Dividends*, and IT-493, *Agency Cooperative Corporations*.

Prospect of allocations in proportion to patronage

- State method of "holding forth" the prospect of an allocation in proportion to patronage: _____
- If "holding forth" has been by statute, charter, articles of association, or by-laws, has the wording of the particular document changed during the year? yes no If yes, attach details of change.
- If "holding forth" has been by contract with the customer and the provisions of the contracts are uniform from customer to customer, have these provisions changed during the year? yes no If yes, attach details of change.
- For first year of filing, attach a copy of the relevant document which holds forth the prospect of an allocation in proportion to patronage.

Part 1 – Details of patronage dividends paid (If there is not enough space, attach a schedule)

	Member customers	Non-member customers	Total
Payments to customers of the year	\$ _____	\$ _____	\$ _____
Payments to customers of a previous year	\$ _____	\$ _____	\$ _____
Total payments	\$ _____	\$ _____	\$ _____ (A)

- Notes: 1. Keep all documentation pertaining to how payment was made, the date(s) of payment, the date(s) of allocation, and the year(s) of the customer's patronage.
2. If allocations in proportion to patronage were made to all customers (members and non-members) at the same rate, except to allow for different types or classes of goods, products or services, or classes, grades or qualities of these goods, products or services, the total amount paid to all customers can be deducted on Schedule T2S(1), *Net Income for Income Tax Purposes*. If the allocations were made at different rates, complete all calculations in Part 2 to determine the amount that can be deducted.

Part 2 – Calculation of patronage dividend deduction

1. Deduction for current year payments:

Total business transacted (a) with member customers	\$ _____		_____ % (B)
(b) with non-member customers	\$ _____		_____ % (C)
Total business transacted	\$ _____		100 %

Total patronage dividends paid to all customers (amount A from Part 1) \$ _____ (D)

Income attributable to member customer business:

Percentage B _____% x Net income before patronage dividend deduction \$ _____ = \$ _____ (E)

Add: Allocation in proportion to patronage made to non-member customers of the year \$ _____ (F)

Total \$ _____ (G)

Patronage dividend deduction for current year payments (the lesser of amounts D and G) \$ _____ (H)

2. Deduction for amounts carried forward:

Balance of undeducted amounts carried forward from previous year	\$ _____		(I)
Income attributable to member customer business (amount E) ...	\$ _____		
Less: Amount H minus amount F	\$ _____	\$ _____	(J)

Portion of amounts carried forward that is deductible in the current year (lesser of amounts I and J) \$ _____ (K)

3. **Patronage dividend deduction** (total of amounts H and K) \$ _____ (L)
 (Deduct amount L on Schedule T2S(1), *Net Income For Income Tax Purposes*.)

Cette formule existe aussi en français.

See reverse

Part 3 – Patronage dividends carried forward

Balance carried forward from previous taxation year	\$ _____ (M)
Deduct: Portion of carry-forward deducted in the current taxation year (amount K)	\$ _____
Net amount	\$ _____
Add: Portion of current year payment not deductible (amount D minus amount H from Part 2)	\$ _____
Balance of patronage dividends available for carry-forward	\$ <u>_____ </u> (N)

Part 4 – Calculation of income from an active business carried on in Canada (ABI)

(Complete only if ABI before the patronage dividend deduction is different from net income before the patronage dividend deduction.)

Active business income before patronage dividend deduction	\$ _____ (O)
Total patronage dividends (paid to all customers) attributable to the ABI	\$ <u>_____ </u> (P)
ABI attributable to member customer business:	
Percentage B _____% x Amount O _____ =	\$ _____ (Q)
Add: Allocation in proportion to patronage made to non-member customers of the year and attributable to income earned from an active business	\$ _____ (R)
Total	\$ <u>_____ </u> (S)
Patronage dividend deduction for current year payments (the lesser of amounts P and S)	\$ _____ (T)
Deduction for amounts carried forward:	
ABI attributable to member customer business (amount Q)	\$ _____
Less: Amount T minus amount R	\$ _____
	\$ <u>_____ </u> (U)
Portion of amounts carried forward that relates to the active business carried on in Canada	\$ <u>_____ </u> (V)
Amount carried forward that is deductible in the current year (lesser of amounts U and V)	\$ _____ (W)
Patronage dividend deduction (total of amounts T and W)	\$ _____ (X)
Income from active business carried on in Canada (amount O minus amount X)	\$ <u>_____ </u> (Y)

(Enter amount Y on line 223 on page 3 of the T2 return.)