



PATRONAGE DIVIDEND DEDUCTION (1998 and later taxation years)

SCHEDULE 16

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

- 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 a previous year. Do not include payments made to members in an agency relationship under contractual obligations. File an amended Schedule 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 T2 Corporation Income Tax Return within six months of the end of the taxation year. For more information, refer to IT-362, Patronage Dividends, and IT-493, Agency Cooperative Corporations.

Part 1 - Details of patronage dividends paid

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).

Note: 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.

Were the allocations in proportion to patronage 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? 200 1 Yes [ ] 2 No [ ]

Part 2 - Calculation of patronage dividend deduction

1. Deduction for current year payments: Total patronage dividends paid to all customers (total of amounts A and B in Part 1) 109. If you answered yes to the question at line 200 above, enter the amount from line 109 at line 113 below. If you answered no to the question at line 200 above, calculate your deduction for current year payments as follows: Total business transacted: a) with member customers 110, b) with non-member customers 111. Total business transacted 100%. Income attributable to member-customer business: Percentage C % x Net income before patronage dividend deduction 112 = E. Add: Allocation in proportion to patronage made to non-member customers of the year F. Total of amounts E and F G. Lesser of amount at line 109 or amount G above H. Patronage dividend deduction for current year payments (enter amount from line 109 or amount H) 113. 2. Deduction for amounts carried forward: Balance of undeducted amounts carried forward from previous year 114. Income attributable to member-customer business (amount E) I. Less: amount 113 minus amount F. Portion of amount carried forward that is deductible in the current year (lesser of amount from line 114 and amount I) 115. 3. Patronage dividend deduction (total of amounts at lines 113 and 115) 116. (Deduct this amount at line 416 of Schedule 1.)

**Part 3 – Patronage dividends carried forward**

Balance carried forward from previous taxation year ..... J

**Deduct:** Portion of carry-forward deducted in the current taxation year (amount at line 115) ..... \_\_\_\_\_

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

**Add:** Portion of current year payments not deductible (amount at line 109 minus amount at line 113) ..... \_\_\_\_\_

**Balance of patronage dividends available for carry-forward** ..... **117** \_\_\_\_\_

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

Active business income 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 K ..... K

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 customer business:

Percentage C from Part 2 \_\_\_\_\_ % x Amount at line 118 \_\_\_\_\_ = \_\_\_\_\_ L

**Add:** Allocation in proportion to patronage made to non-member customers of the year and attributable to income earned from an active business ..... **120** \_\_\_\_\_

Total ..... **M** \_\_\_\_\_

Patronage dividend deduction for current year payments (the lesser of amount at line 119 and amount M) ..... **121** \_\_\_\_\_

**Deduction for amounts carried forward:**

ABI attributable to member customer business (amount L) ..... \_\_\_\_\_

**Less:** Amount at line 121 minus amount at line 120 ..... \_\_\_\_\_

..... **N** \_\_\_\_\_

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 (lesser of amount N and amount at line 122) ..... **123** \_\_\_\_\_

Total of amounts at lines 121 and 123 ..... \_\_\_\_\_ **O**

Patronage dividend deduction (amount K or O, whichever applies) ..... \_\_\_\_\_ **P**

**Income from active business carried on in Canada** (amount at line 118 minus amount P) ..... **124** \_\_\_\_\_

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