



PART V TAX RETURN - TAX ON NON-QUALIFIED INVESTMENTS OF A REGISTERED CHARITY

- For use by a taxpayer liable to tax under section 189 in respect of interest paid in a taxation year at less than a minimum rate on a debt owing that was a non-qualified investment of a registered charity that is a private foundation.
- "Non-qualified investment" and "private foundation" are defined in subsection 149.1(1).
- Two completed copies of this return including payment of any tax owing are to be filed by the taxpayer as follows:
 - (1) on or before the day the taxpayer is required, or would be required if tax were payable, to file a return of income under Part I.
 - (2) at the Tax Centre of the taxpayer, SEPARATE FROM ANY OTHER RETURNS.
- Penalties are applicable if this return is filed after the due date. Such penalties and any unpaid taxes bear interest compounded daily at a prescribed rate.
- Parts, sections and subsections referred to in this return are those of the *Income Tax Act*.

FOR DEPARTMENTAL USE ONLY

NAME OF TAXPAYER (PRINT)	SOCIAL INSURANCE NUMBER <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="border: 1px solid black; width: 20px; height: 15px;"></td> <td style="border: 1px solid black; width: 20px; height: 15px;"></td> <td style="border: 1px solid black; width: 20px; height: 15px;"></td> <td style="border: 1px solid black; width: 20px; height: 15px;"></td> <td style="border: 1px solid black; width: 20px; height: 15px;"></td> <td style="border: 1px solid black; width: 20px; height: 15px;"></td> <td style="border: 1px solid black; width: 20px; height: 15px;"></td> <td style="border: 1px solid black; width: 20px; height: 15px;"></td> <td style="border: 1px solid black; width: 20px; height: 15px;"></td> <td style="border: 1px solid black; width: 20px; height: 15px;"></td> <td style="border: 1px solid black; width: 20px; height: 15px;"></td> <td style="border: 1px solid black; width: 20px; height: 15px;"></td> <td style="border: 1px solid black; width: 20px; height: 15px;"></td> <td style="border: 1px solid black; width: 20px; height: 15px;"></td> </tr> </table>														
ADDRESS	TAX SERVICES OFFICE														
TAXATION YEAR For the period _____ 19____ to _____ 19____	ACCOUNT NUMBER/BUSINESS NUMBER														

NAME OF PRIVATE FOUNDATION (PRINT)	REGISTRATION NUMBER <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="border: 1px solid black; width: 20px; height: 15px;"></td> <td style="border: 1px solid black; width: 20px; height: 15px;"></td> <td style="border: 1px solid black; width: 20px; height: 15px;"></td> <td style="border: 1px solid black; width: 20px; height: 15px;"></td> <td style="border: 1px solid black; width: 20px; height: 15px;"></td> <td style="border: 1px solid black; width: 20px; height: 15px;"></td> <td style="border: 1px solid black; width: 20px; height: 15px;"></td> <td style="border: 1px solid black; width: 20px; height: 15px;"></td> <td style="border: 1px solid black; width: 20px; height: 15px;"></td> <td style="border: 1px solid black; width: 20px; height: 15px;"></td> <td style="border: 1px solid black; width: 20px; height: 15px;"></td> <td style="border: 1px solid black; width: 20px; height: 15px;"></td> <td style="border: 1px solid black; width: 20px; height: 15px;"></td> </tr> </table>													
ADDRESS														
NAME OF PERSON TO CONTACT FOR ADDITIONAL INFORMATION	AREA CODE TELEPHONE NUMBER													

Calculation of Tax Payable

Please complete applicable schedules on pages 2 and 3 before completing this area.

Total Minimum Interest Payable (SCHEDULE C) \$ _____ 1

Deduct:

i) Interest paid for the taxation year in respect of the debts included in SCHEDULE A \$ _____

ii) Amount of dividends received by the private foundation in the year on the shares included in SCHEDULE B _____

Sub-total \$ _____ ▶ _____ 2

TAX PAYABLE (Enter Nil if 2 exceeds 1) \$ _____

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Total amount remitted (Please enter amount enclosed) \$ _____

Attach a cheque or money order in the amount of the tax payable to the Receiver General. SPECIFY "T2140" ON THE REMITTANCE and indicate the name and account number/business number or social insurance number of the taxpayer whose account is to be credited.

CERTIFICATION

IT IS HEREBY CERTIFIED that the information given in this return and in any documents attached is true, correct and complete in every respect.

_____ Date
_____ Signature of Individual or Authorized Officer of Corporation
_____ Position or Office of Authorized Officer

Information and instructions:

- A non-qualified investment is, in summary, a debt, a share or a right to acquire a share held by a private foundation that is issued by persons not dealing at arm's length with that private foundation. (Refer to the definition in subsection 149.1(1) for complete particulars as to what constitutes a non-qualified investment.)
- Debts, other than debts in respect of which subsection 80.4(1) applies or would apply but for subsection 80.4(3), and shares of an "excluded corporation", publicly-traded shares, and certain "qualifying shares", and the rights to acquire such shares, are excluded in determining the tax payable under this Section.
- Under subsection 189(3), a share, or a right to acquire a share, of a corporation held by the private foundation that is a non-qualified investment, is deemed to be a debt owing by the corporation to the private foundation for the purposes of calculating the tax payable under this Section.
- A separate calculation must be made of the minimum interest payable for each debt owing, and for each class of shares, or rights to acquire a particular class of shares held by the foundation that is deemed to be a debt owing, to the foundation.

SCHEDULE A

Summary of Debts Owing by Taxpayer to the private foundation (at any time in the year):

Description of Debts: (type of debt instrument, interest rate, repayment terms, etc.)	Amount Owing	Interest Paid *
	\$	\$
TOTAL (Enter on page 1)		\$

*Amount of interest for the year paid on the debt not later than 30 days after the end of the year

TOTAL (Enter on page 1)

SCHEDULE B

Calculation of Deemed Debt Owing in respect of Shares & Rights Held by the private foundation:

Description of Shares/Rights	Date Acquired	Number Held	F.M.V. April 21, 1982 *	Cost Amount to Foundation **	Deemed Debt Owing ***	Dividends Received on Shares
			\$	\$	\$	\$
TOTAL (Enter on page 1)					\$	

* F.M.V. Fair Market Value. Where share or right last acquired prior to April 22, 1982
 ** Adjusted cost base as determined under the Income Tax Act.
 *** Cost amount of the shares or rights. If the shares or rights were last acquired before April 22, 1982, it is the greater of the cost amount and the fair market value on April 21, 1982.

SCHEDULE C

Calculation of Minimum Interest Payable (a separate calculation is to be made for each debt owing)

Amount of Debt/Deemed Debt Owing*	Minimum Interest Rate** %	Minimum Interest Payable***
\$		\$
Total Minimum Interest Payable (Enter on page 1)		\$

* Enter individual amounts from Schedules A and B.

- ** (1) In the case of debt owing, the least of:
- (a) such prescribed rates (under Income Tax Regulation 4301) as are in effect from time to time during the period the debt was outstanding and was a non-qualified investment of the foundation;
 - (b) the rate that would have been payable in an arm's length transaction if the foundation had been in the business of lending money;
 - (c) where that debt was incurred before April 22, 1982, a rate per annum equal to 6% plus 2% for each taxation year after 1982 (not including the year to which this return applies); and
- (2) In the case of a share or right to acquire a share, 2/3 of such prescribed rates as are in effect from time to time during the period.
- (3) In the case of a share or right to acquire a share which was last acquired before April 22, 1982, the lesser of
- (a) a rate per annum equal to 2/3 of such prescribed rates as are in effect from time to time during the period, and
 - (b) a rate per annum equal to 4% plus 1% for each 5 calendar years after 1982, (not including the year to which this return applies), i.e. 4% for the years 1983 to 1987, 5% for the years 1988 to 1992 and 6% for the years 1993 to 1997, inclusive.
- (4) Where the debt/deemed debt owing was not outstanding throughout the year, the rate determined in (1), (2) or (3) above is to be pro-rated as follows:

$$\text{Rate} \quad \% \quad \times \quad \left(\frac{\text{Number of days in the period during which the debt/deemed debt was owing} \blacktriangleright}{\text{Number of days in the year (365 or 366)} \blacktriangleright} \right)$$

*** Amount of Debt/Deemed Debt Owing multiplied by (X) Minimum Interest Rate.