



WORKSHEET FOR CALCULATING INSTALMENT PAYMENTS

If you have to make instalment payments, we will mail you Instalment Reminders before your payments are due. However, since your financial situation may change from year to year, you may not have to pay the amounts indicated on your reminders.

Please see the information on the reverse side of this worksheet before proceeding.

SOCIAL INSURANCE NUMBER									
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Tax payable for instalment purposes

- | | | | |
|----|--|----------|----------------|
| 1 | Line 420 of your income tax return (net federal tax) | \$ _____ | |
| 2 | Line 440 of your income tax return (Quebec residents only) | \$ _____ | |
| 3 | Line 1 minus line 2 | \$ _____ | (A) |
| 4 | Line 428 of your income tax return (provincial or territorial tax) | \$ _____ | (B) |
| 5 | Add amounts (A) and (B) | \$ _____ | (C) |
| 6 | Line 437 of your income tax return (total income tax deducted) * | \$ _____ | |
| 7 | Line 478 of your income tax return (forward-averaging tax credit) | \$ _____ | |
| 8 | Line 479 of your income tax return (provincial or territorial tax credits) | \$ _____ | |
| 9 | The total of lines 6, 7, and 8 | \$ _____ | ▶ \$ _____ (D) |
| 10 | Tax payable for instalment purposes (amount (C) minus amount (D)) | \$ _____ | (E) |

* If you are a resident of Quebec, use line 439 of your federal income tax return.

Canada Pension Plan contributions payable for instalment purposes

If you reported self-employment income on lines 135 to 143 of page 1 of your federal income tax return, complete this section.

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|----|--|----------|-----|
| 11 | The total of lines 101, 135, 137, 139, 141 and 143 of your income tax return | \$ _____ | |
| 12 | Subtract: Basic Canada Pension Plan exemption of \$3,300 * | \$ _____ | |
| 13 | Subtotal (if greater than \$30,100, enter \$30,100) * | \$ _____ | |
| 14 | 5% * of line 13 | \$ _____ | (F) |
| 15 | Line 308 of your income tax return | \$ _____ | |
| | 2 x line 15 | \$ _____ | (G) |
| 16 | CPP contributions for instalment purposes (amount (F) minus amount (G)) | \$ _____ | (H) |

* If you are using your estimated 1994 income use:
 • \$3,400 at line 12
 • \$31,000 at line 13; and 5.2% at line 14.

Total amount payable for instalment purposes

- | | | | |
|----|-----------------------------------|----------|-----|
| 17 | Add amounts (E) and (H) | \$ _____ | (I) |
|----|-----------------------------------|----------|-----|

INSTALMENT AMOUNT DUE:

If you have to remit instalment payments every three months:
 • divide amount (I) by 4 \$ _____ (J)

If your chief source of income is from farming or fishing, you have to remit only one instalment payment in December. This amount is 2/3 of amount (I) \$ _____ (K)

Note: If amount (J) or amount (K) is greater than the amount indicated on your Instalment Reminder, and you pay only the amount on each Instalment Reminder, by the due date, we will not charge you instalment interest or penalties.

Worksheet instructions for calculating instalment payments

Who must make instalment payments?

Under the current rules, you must make instalment payments if:

- In 1993 and 1994 the amount of net federal tax you have to pay is greater than \$1,000; and
- tax will be deducted at source from less than 75% of your 1994 net income.

However, under proposed legislation, the rules will change for payments due after June 1994. Under this proposed legislation you will have to pay your income tax by instalments if:

- **in both the current year and in either of the two preceding years**, your total tax payable exceeds your tax deducted at source and your refundable tax credits by more than \$2,000 (\$1,200 for Quebec residents), or
- your chief source of income is from farming or fishing and **in the current year and in each of the two preceding years**, your total tax payable exceeds your tax deducted at source and your refundable tax credits by more than \$2,000 (\$1,200 for Quebec residents).

Instalment Reminders

If you have to pay your income tax by instalments, we will mail you Instalment Reminders which tell you how much you can pay under the "no calculation" option. Instalment Reminders for the March 15 and June 15 instalment payments are mailed in February and reminders for September 15 and December 15 payments are mailed at the end of August. If your chief source of income is from farming or fishing, you should receive your Instalment Reminder at the end of November.

If you are a farmer or fisherman, we calculate your instalment amount due based on your 1993 tax liability. Otherwise, we calculate the amount due on your March and June Instalment Reminders based on your 1992 tax information. The amounts due on your September and December reminders are then adjusted so that the four payments for the year equal the amount of your 1993 taxes and CPP contributions payable.

If you did not receive an Instalment Reminder and you think that you should be paying by instalments, contact your local taxation office for more information.

Who can use this worksheet?

If your income increases or remains about the same from year to year, you should pay the amount shown on each of your Instalment Reminders by the due date to avoid paying instalment interest or penalties.

If your net income for 1993, or your expected net income for 1994, is less than the income that we used to calculate your instalment payments, you may decide to pay lower amounts. If this is the case, you can use this worksheet to determine the instalment amount(s) that you should pay.

How do you use this worksheet?

If you want to use your income for the 1993 tax year to calculate your instalment payments, complete your 1993 income tax return and copy the information from that return onto the corresponding lines on this worksheet. If you want to use your estimated income for the 1994 tax year, complete a 1993 income tax return using your 1994 estimated income. Copy that information onto the corresponding lines on this worksheet.

Please note that you do not have to use this worksheet. You only have to pay the amounts indicated on your Instalment Reminders by the due dates to avoid instalment penalties and interest. However, if you complete this worksheet and the instalment amount due in (J) or (K) is less than the amount indicated on your Instalment Reminder, you can pay the lesser amount without contacting us. Regardless of the amount you pay, your Instalment Reminders will continue to show the amounts we have calculated as explained above.

Note: the line references on this worksheet are from the T1 General income tax return.