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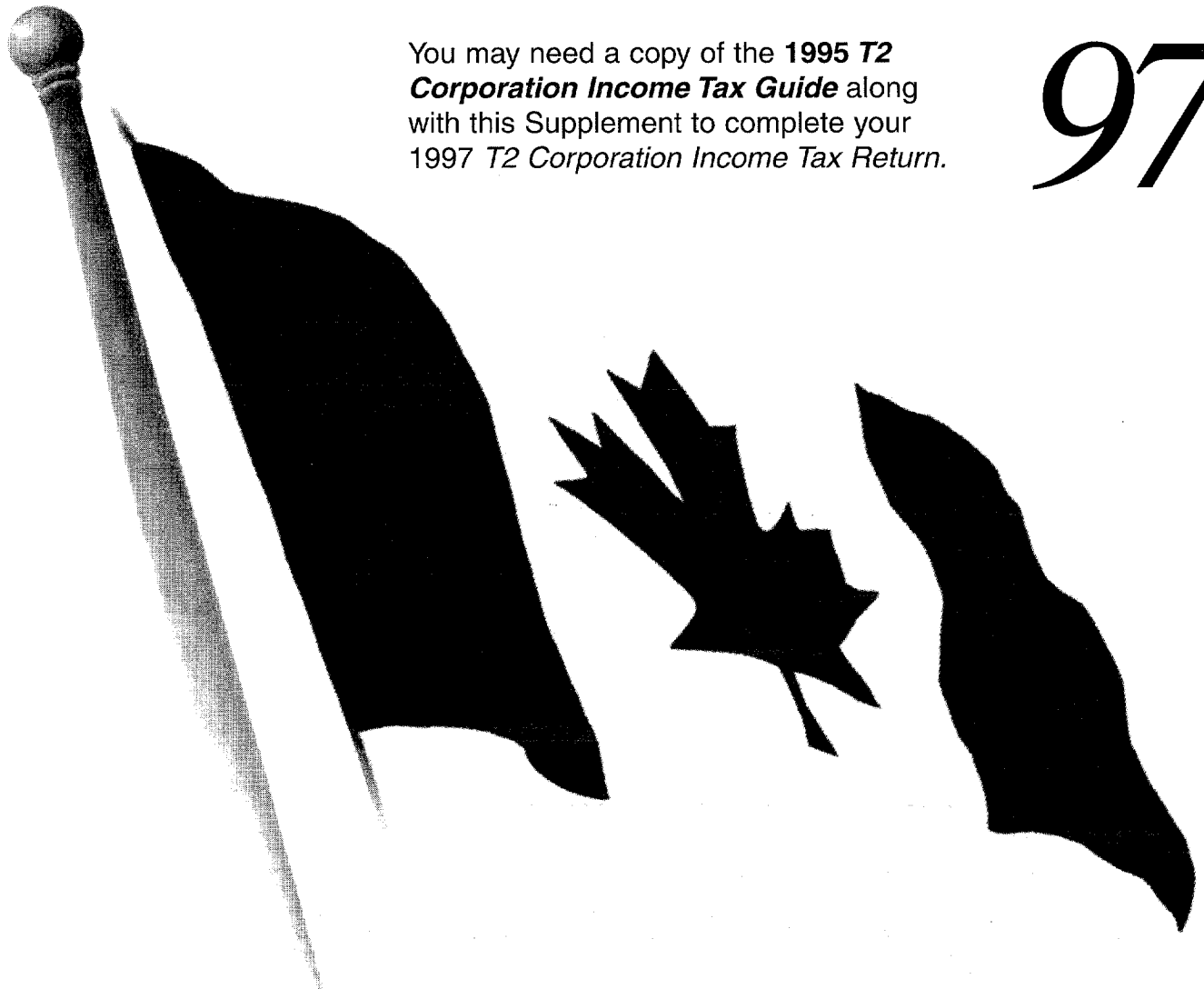
Revenu
Canada

Canada

1997 Supplement to the 1995 T2 Corporation Income Tax Guide

You may need a copy of the **1995 T2 Corporation Income Tax Guide** along with this Supplement to complete your 1997 T2 Corporation Income Tax Return.

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Introduction

The purpose of this publication is to advise corporations of the changes that may affect them for the 1996 and 1997 taxation years. Since there are not many changes affecting the 1997 *T2 Corporation Income Tax Return*, we decided to publish this supplement containing changes for the 1996 and 1997 taxation years rather than a full guide as in previous years.

The 1995 *T2 Corporation Income Tax Guide* and this 1997 supplement contain the information needed to complete the 1997 return. If you did not keep your 1995 guide, you can get a copy from your tax services office or tax centre.

When using the 1995 T2 guide, the following item numbers reflect proposed legislation that has become law:

- Items 18, 19, 31, and 44 – Fiscal period of a professional corporation that is a member of a partnership
- Items 47 and 77 – SR&ED
- Item 56 – Ecological gifts
- Items 68 and 70 – Income from an active business
- Item 68 – Reduction to business limit
- Items 70 and 71 – Additional refundable tax on investment income
- Item 71 – Corporate surtax
- Items 81 and 83 – Part IV tax
- Item 85 – Part I.3 tax
- Item 88 – Temporary surtax on financial institutions
- Item 112 – Canadian film or video production tax credit refund

Note

Items 19 and 68 contain proposed legislation.

If you have access to the Internet, many of our publications are available on line. Our Internet address is:
www.rc.gc.ca

What's Coming

Processing redesign

We are currently redesigning our processing system for T2 returns to improve efficiency, enhance service, and position the Department for future simplification. We are replacing manual verification with electronic validation so we can process your return faster and more accurately, and issue refunds on a more timely basis.

This redesign effort will result in changes to the corporation return and related schedules. We will be reprinting forms to clearly specify the information we need, and are consulting with commercial software developers to ensure that their packages reflect the

changes to the forms. We will provide details well before the changes become effective.

If you have access to the Internet, you can visit our Internet site on the Corporate Income Tax Redesign Project at:
<http://www.rc.gc.ca/t2return/>

Filing electronic corporation income tax returns

Revenue Canada wants to expand its electronic services for businesses and to support the Government's strategy of promoting the use of electronic commerce. We are working with Alberta Treasury and the Ontario Ministry of Finance, and holding parallel discussions with the Ministère du Revenu du Québec, to develop a compatible electronic filing system for corporation income tax returns using Electronic Data Interchange (EDI).

General index of financial information

We are developing a new method for filing financial statement information. The General Index of Financial Information (GIFI) consists of a four-digit code for items commonly found on balance sheets and income statements. Corporations will match items on their financial statements with the related code and submit the amount and applicable code as part of their return when they file electronically, or print a copy and file it with the T2 return and schedules when they file their return using commercial tax preparation software programs. A shorter version will be available on paper for those corporations which file using departmental printed forms.

Standardized Accounting

Standardized Accounting (SA) is the development of a single accounting system for all business programs administered by Revenue Canada. SA will include such programs as corporate income tax, GST/HST, and customs, and will eliminate the duplication that currently exists, and allow us to provide better service to our clients. Corporate Income Tax will be the first line of business to migrate to the new accounting system in the fall of 1998. We will send you an information package concerning SA as the implementation date approaches.

Our service pledge

We will complete the initial assessment for 90% of all T2 returns within 90 days.

Changes

Where do you file the T2 return?

Item 5 in the 1995 *T2 Corporation Income Tax Guide* has been replaced by the following. Please note that the **highlighted** areas have changed locations from last year.

Corporations served by tax services offices in:

British Columbia and the Yukon Territory

Alberta, Saskatchewan, Manitoba, the Northwest Territories, **London, Windsor, and Thunder Bay**

Sudbury, Toronto Centre, Toronto East, Toronto West, and Toronto North

Montréal, Laval, **Ottawa, Sherbrooke, and Rouyn-Noranda**

Québec, Chicoutimi, Rimouski, Trois-Rivières, **Outaouais, and Montérégie-Rive-Sud**

Nova Scotia, New Brunswick, Prince Edward Island, Newfoundland and Labrador, **Kingston, Belleville, Hamilton, Kitchener/Waterloo, Peterborough, and St. Catharines**

Tax Centre

Tax Centre
~~Surrey BC V3T 5E1~~

Tax Centre
~~Winnipeg MB R3C 3M2~~

Tax Services Office/Tax Centre
~~Sudbury ON P3A 5C1~~

Tax Centre
~~Shawinigan Sud QC G9N 7S6~~

Tax Centre
~~Jonquière QC G7S 5J1~~

Tax Centre
~~St. John's NF A1B 3Z1~~

is controlled by the specified foreign trust, is required to file, with respect to the trust, Form T1141, *Information Return in Respect of Transfers or Loans to a Non-resident Trust*. For taxation years or fiscal periods that end in 1996 or 1997, Form T1141 is required to be filed on or before the later of:

- April 30, 1998; or
- the day on or before which the return is otherwise required to be filed.

A separate form has to be filed for each non-resident trust. Form T1141 contains more information about filing.

Beneficiaries of non-resident trusts

In 1996 or 1997, a corporation may have received funds or property from, or been indebted to, a non-resident trust in which it had a beneficial interest. If so, the corporation has to complete and file Form T1142, *Information Return in Respect of Distributions From and Indebtedness to a Non-resident Trust*. For taxation years or fiscal periods that end in 1996 or 1997, Form T1142 is required to be filed on or before the later of:

- April 30, 1998; or
- the day on or before which the return is otherwise required to be filed.

A separate form is required to be filed for each non-resident trust. Form T1142 contains more information about filing.

Ownership of foreign property

Under proposed changes, you will have to begin reporting ownership of certain foreign property in 1999.

Penalties

There are substantial penalties for not completing and filing Forms T1134A, T1134B, T1141, and T1142 by the due date.

Changing fiscal period

Effective September 30, 1996, a corporation that becomes bankrupt must obtain approval from the Department to change its fiscal period.

For more information, see item 18 in the 1995 *T2 Corporation Income Tax Guide*.

Penalties

A non-profit corporation for scientific research and experimental development who does not file Form T661, *Claim for Scientific Research and Experimental Development (SR&ED) Expenditures Carried on in Canada*, by its income tax return filing date for the year will be subject to a penalty.

The penalty is equal to the amount determined by the formula:

$A \times B$, where:

- A is the greater of
 - i) \$500, and
 - ii) 2% of its taxable income for the year; and

Non-resident corporations

The new address for the International Tax Services Office is:

International Tax Services Office
2204 Walkley Road
~~Ottawa ON K1A 1A8~~

All non-resident corporations should send their returns to this address. For more information, see item 5 of the 1995 *T2 Corporation Income Tax Guide*.

Foreign property

Foreign affiliates

A corporation resident in Canada, of which a non-resident corporation or trust is a foreign affiliate at any time in the year, must file in respect of the affiliate, either Form T1134A, *Information Return Relating to Foreign Affiliates that are not Controlled Foreign Affiliates*, or Form T1134B, *Information Return Relating to Controlled Foreign Affiliates*, within 15 months after the end of its taxation year. For the 1996 and the 1997 taxation years, Form T1134A and Form T1134B need not be filed before June 30, 1998. A separate form is required to be filed for each foreign affiliate.

Form T1134A and Form T1134B contain more information about filing.

Transfers and loans to non-resident trusts

A corporation who has made transfers or loans to a specified foreign trust, or to a non-resident corporation that

- B is the lesser of
- i) 12, and
 - ii) the number of months in whole or in part that are in the period that starts on the day on or before which Form T661 is required to be filed and ends on the day it is filed.

Electronic records

Proposed legislation will require that an electronic version of the books and records be kept where electronic record-keeping systems are used.

Qualifying environmental trust

For taxation years that end after February 18, 1997, it is proposed that the reference to a **mining reclamation trust** will be replaced by **qualifying environmental trust**. It is also proposed that a qualifying environmental trust includes the reclamation of a site in Canada for the extraction of clay, peat, sand, shale, or aggregates (including dimension stone and gravel) or the deposit of waste.

For more information, see item 111 in the 1995 T2 *Corporation Income Tax Guide*.

Capital cost allowance – Class 10.1

In a press release dated December 23, 1996, the Minister of Finance announced changes that will apply in 1997 to Class 10.1 passenger vehicles. The ceiling on the capital cost of passenger vehicles for capital cost allowance purposes will increase from \$24,000 to \$25,000 plus the applicable sales taxes.

Debt forgiveness

There are four new forms available for debt forgiveness.

- Use Form T2153, *Designations Under Paragraph 80(2)(i) for Forgiven Debts*, to designate the order of forgiven debts. If only one debt was forgiven, ignore this form.
- Use Form T2154, *Application of Designated Forgiven Debt Under Section 80*, if an amount of forgiven debt remains after applying any amount to utilize all losses from previous years.
- Use Form T2155, *Alternative Treatment of Capital Gains Under Section 80.03 That Arise From a Forgiven Debt*, to treat a capital gain that would otherwise result under subsection 80.03(2) or (4) as a forgiven amount.
- Use Form T2156, *Agreement to Transfer Forgiven Debt Under Section 80.04*, to transfer a forgiven amount to a consenting eligible transferee under section 80.04.

You can get these forms from your tax services offices or tax centre.

Form T106, Corporate Information Return of Non-Arm's Length Transactions with Non-Resident Persons

When you complete this form, please send it to the following address:

Other Programs Unit
Employer Services Division
Ottawa Tax Centre
875 Heron Road
Ottawa ON K1A 1A2

For more information, see item 38 in the 1995 T2 *Corporation Income Tax Guide*.

Lines 113 and 115 – Charitable donations

1997 taxation year

For taxation years that begin after 1996, the February 1997 budget proposes to increase the limit on charitable donations to 75% of net income.

This limit will be increased by the following amounts:

- 25% of the taxable capital gains resulting from gifts of capital property (other than for gifts of ecologically sensitive land) made in the year;
- 25% of the total of all amounts each of which is a taxable capital gain from the disposition of a non-qualifying security of a corporation that is making a gift to a qualified donee, and
- 25% of the lesser of:
 - the amount of recapture of capital cost allowance included in income for the year that results from the donation of depreciable property of a prescribed class; or
 - the lesser of capital cost or the fair market value of each such gift of property of the class in the year.

1996 taxation year

For taxation years that begin after 1995, the limit on charitable donations has increased. Therefore, when calculating the amount to enter on line 115, you can claim up to the total of:

- 50% of the amount of line 111; and
- 50% of the amount of taxable capital gains that results from the gift of capital property included in the donor's taxable income for the year.

For more information, see item 55 in the 1995 T2 *Corporation Income Tax Guide*.

Lines 117 and 118 – Gifts to the Crown

For taxation years starting after December 31, 1996 and for gifts made after February 18, 1997, the February 1997 budget proposes to decrease the limit you can claim on gifts to 75% of net income (exempt from this are gifts of

ecologically sensitive land and Canadian cultural property, which remain at 100%). All gifts made after this date will now be considered charitable donations and subject to the same rules as charitable donations. The total amount of charitable donations made in the year will include any gifts to Canada or a province.

Any gifts made before February 19, 1997, or made pursuant to a written agreement before this date, will remain at 100%.

Gifts made before February 19, 1997, should be claimed on line 117 and any gifts made after February 18, 1997, on line 113 of the T2 return.

Enter at line 118 of the T2 return, the amount of the gift at line 117 or the amount needed to reduce net income to nil, whichever is less.

Line 116 – Cultural and ecological gifts

Enter the total amount of gifts consisting of ecologically sensitive land and Canadian cultural property on line 116 of the T2 return.

Capital gain on donations

The February 1997 budget proposes that only 37.5% of any capital gain resulting from the making of a gift after February 18, 1997 to a qualified donee (other than a private charitable foundation) be included in income. The types of property eligible are:

- a security listed on a stock exchange;
- a share or a unit of a mutual fund;
- an interest in a segregated fund; and
- a prescribed debt obligation.

On Schedule T2S(6), clearly identify that the capital gain is the result of making a gift to a qualified donee under proposed paragraph 38(a.1).

For the 1997 and subsequent taxation years, a corporation that has made a gift of a non-qualifying security to a qualified donee may claim a reserve in respect of any gain realized on this security. A reserve can only be claimed if the donation is not deducted for tax purposes and the donee does not dispose of the shares. This reserve can only be claimed in taxation years ending within 60 months of the making of the gift. The reserve must be included in income if any of the following occur:

- the corporation becomes a non-resident or tax exempt; or
- the donee disposes of the security.

To claim this reserve, clearly identify it on the income statement, Notes to the Financial Statements, Schedule T2S(1) or Schedule T2S(13).

For more information, see item 40 in the 1995 T2 *Corporation Income Tax Guide*.

Line 225 – Taxable income

An amendment has been made to the calculation of taxable income for the purposes of calculating the small business

deduction (SBD), if the corporation has claimed a foreign non-business income tax credit.

If this is the case, subtract from the corporation's taxable income 10/3 of the amount that would be deductible as a foreign non-business income tax credit (line 211), calculated as if such credit was determined without reference to the refundable tax on Canadian-controlled private corporation's (CCPC) investment income under section 123.3 (line 212).

Also subtract 10/4 of the amount you are deducting as a foreign business income tax credit. In addition, reduce taxable income by any amount that, because of federal law, is exempt from Part I tax.

On line 225, page 3 of the T2 return, enter the corporation's taxable income for the purpose of calculating the SBD.

Line 221 – Investment tax credit

The February 1997 budget proposes that for claims made after February 18, 1997, capital costs and expenditures for property qualifying for an investment tax credit are restricted to the amount of costs or expenditures identified on Form T2038(CORP), *Investment Tax Credit – Corporations*. This form must be filed within 12 months after the filing due date for the year the expenditures were incurred.

For more information, see item 77 of the 1995 T2 *Corporation Income Tax Guide*.

The definition of investment tax credit is amended for taxation years that begin after 1995.

A corporation can now earn an investment tax credit of 20% of its scientific research and experimental development (SR&ED) qualified expenditure pool at the end of the year.

In general, this pool will consist of all the qualified expenditures the corporation incurred in the year and any qualified expenditures transferred to the corporation under the agreement in paragraph 127(13)(e). However, amounts the corporation transferred for the year under subsection 127(13)(d) will reduce the pool.

Some CCPCs can claim an additional investment tax credit of 15% on qualified expenditures up to their expenditure limit.

For taxation years that begin after 1995, a CCPC's expenditure limit for a taxation year will be reduced in accordance with the reduction to the CCPC's business limit under section 125 of the *Income Tax Act*. As a result, if the CCPC's business limit is zero, its expenditure limit will also be zero.

For more information on investment tax credits, see item 77 of the 1995 T2 *Corporation Income Tax Guide*. You can also get a copy of Form T2038(CORP), *Investment Tax Credit – Corporations*, and the guide called *Claiming Scientific Research and Experimental Development Expenditures*, from your tax services office or tax centre.

Tobacco manufacturers' surtax

The surtax on tobacco manufacturing profits has been extended 3 years to end on February 8, 2000.

Line 134 – Part VI tax payable

The February 1997 budget proposes to extend the Part VI surtax on financial institutions (other than life insurers) to include taxation years that begin before November 1, 1998.

Also, the additional temporary tax on life insurance corporations under Part VI will continue to apply until the end of 1998.

For more information, see item 88 of the 1995 *T2 Corporation Income Tax Guide*.

Provincial changes

Newfoundland

Form T1129, Newfoundland Scientific Research and Experimental Development Tax Credit

You can get this form from your tax services office or tax centre.

To calculate the Newfoundland scientific research and experimental development (SR&ED) tax credit, use Form T1129.

A corporation can claim this credit if it has a permanent establishment in Newfoundland and if it made eligible expenditures after December 31, 1995, for SR&ED carried out in Newfoundland. The amount of the credit is equal to 15% of eligible expenditures.

This credit is fully refundable but must first be applied against total taxes payable. There are no carry-forward or carry-back provisions. This credit cannot be renounced.

To claim the credit, file Form T1129 with the T2 return. Include the amount of your credit from line F on Form T1129 at line 150, page 7 of your T2 return.

Prince Edward Island

The higher rate of tax is 15% until June 30, 1997, and 16% after that date. These rates apply to taxable income that does not qualify for the federal small business deduction.

If July 1, 1997, falls within the corporation's taxation year, you have to prorate the higher tax rate based on the number of days in the taxation year before and after this date.

Prince Edward Island manufacturing and processing profits tax credit

This tax credit is 7.5% of the manufacturing and processing profits earned until June 30, 1997, and 8.5% after that date.

Nova Scotia

Capital tax on large corporations

Large corporations with taxation years ending after March 31, 1997, and beginning before April 1, 2002, and that have permanent establishments in Nova Scotia may be subject to a corporate capital tax.

The following corporations are not subject to this tax:

- financial institutions defined in Part IA of the provincial *Income Tax Act*; and
- corporations exempt from federal Part I.3 tax.

A capital tax of 0.25% is levied on \$10 million or more of taxable capital for the year.

Corporations with taxable capital less than \$10 million are entitled to a \$5 million phase-in or capital deduction and then taxed at the rate of 0.5% of the net taxable capital.

The \$5 million capital deduction is available to a company or a group of related companies whose taxable capital is less than \$10 million.

Corporations that are liable to pay the Nova Scotia capital tax have to file Form T1167, *Nova Scotia Tax on Large Corporations*, with Form T2147, *Part I.3 Tax Return – Tax on Large Corporations*. Enter on line 138, page 7 of the T2 return, the provincial tax on large corporations that the corporation has to pay.

You can deduct the provincial capital tax payable when calculating federal net income for tax purposes. It cannot be reduced by any Nova Scotia tax credits.

Prospectus tax credit

For the 1996 and subsequent taxation years, a seven-year carry-forward has been added to the prospectus tax credit.

On line 779 of Schedule T2S-TC, enter the entire amount of credit the corporation is claiming (including the credit carried forward from preceding years). The credit may be deducted from provincial tax otherwise payable.

ISO14000 certification tax credit

The Minister of Finance for Nova Scotia will issue a certificate for the amount of the ISO14000 tax credit for certain expenses made after 1995 by a corporation with a permanent establishment in Nova Scotia.

The tax credit is equal to 25% of the lesser of:

- the amount of current year eligible expenditures; and
- \$150,000.

This certificate is to be filed with the T2 return.

The ISO14000 tax credit cannot exceed \$37,500, and may be deducted from the Nova Scotia provincial tax otherwise payable.

In Part II of Schedule T2S-TC, enter on line 653 the amount of the credit the corporation is claiming.

Nova Scotia manufacturing and processing investment tax credit

Use Form T1168, *Nova Scotia Manufacturing and Processing Investment Tax Credit*, to claim the Nova Scotia manufacturing and processing investment tax credit. A corporation is eligible for the credit on qualified property acquired after December 31, 1996, and before January 1, 2003.

The corporation has to use or lease the qualified property in Nova Scotia primarily for the purpose of manufacturing or processing goods for sale or lease. The credit is equal to 30% of the capital cost of the qualified property. This credit can be renounced.

This credit is eligible for a seven year carry-forward and a three year carry-back. However, this credit cannot be carried back to any taxation year ending before January 1, 1997.

See Form T1168 for more details.

New Brunswick

Capital tax on large corporations

Large corporations with taxation years ending after March 31, 1997, and that have permanent establishments in New Brunswick may be subject to a corporate capital tax.

The following corporations are not subject to this tax:

- companies with less than \$5 million in taxable capital for the year; or
- financial institutions (including insurance corporations) as defined by the federal *Income Tax Act*; or
- corporations exempt from federal Part I.3 tax.

The capital tax rate is 0.3% of the taxable capital for the year allocated to the Province of New Brunswick.

The \$5 million capital deduction is available to a company or a group of related companies.

Corporations that are liable to pay the New Brunswick capital tax have to file Form T1166, *New Brunswick Tax on Large Corporations*, with Form T2147, *Part I.3 Tax Return – Tax on Large Corporations*. Enter on line 138, page 7 of the T2 return, the provincial tax on large corporations that the corporation has to pay.

The capital tax payable cannot be reduced by any provincial tax credits. You can deduct the provincial capital tax payable when calculating net income for federal tax purposes.

Labour incentive film tax credit

The Minister of Finance for the Province of New Brunswick will issue a tax credit certificate to a corporation producing an eligible film in the province.

The amount of the credit is equal to:

- 40% of New Brunswick eligible labour costs for first time productions;
- 30% for subsequent productions; and
- 35% of incremental eligible labour costs over a previous year's labour costs.

This tax credit applies to eligible salaries incurred after June 12, 1996, and before December 31, 2001.

This credit is fully refundable but must first be applied against total taxes payable. There are no carry-back or carry-forward provisions.

To claim the credit, file the certificate with the T2 return and enter the amount of the credit earned in the current year on line 170, page 7 of your T2 return.

Manitoba

Manufacturing and processing tax credit

This credit has been extended to cover qualified property acquired before July 1, 2000.

Manitoba film and video production tax credit refund

The Minister of Finance of Manitoba will issue a certificate for a film and video production tax credit to a corporation that produces an eligible film in the province.

The amount of the credit is equal to the lesser of the following amounts:

- 35% of eligible salaries paid after December 31, 1996, and before March 1, 2000, to residents of Manitoba; or
- 22.5% of the production costs of the eligible film incurred after December 31, 1996, and before March 1, 2000, to residents of Manitoba.

This credit is fully refundable but must first be applied against total taxes payable. There are no carry-back or carry-forward provisions.

To claim the credit, file the certificate with the T2 return and enter the amount of the credit earned in the current year on line 172, page 7 of your T2 return.

Saskatchewan

Form T1128, Saskatchewan manufacturing and processing investment tax credit

Corporations are eligible for a 9% tax credit for qualified properties acquired in Saskatchewan or brought into Saskatchewan before March 21, 1997, and for a tax credit of 7% for qualified properties acquired in Saskatchewan or brought into Saskatchewan after March 20, 1997.

The current-year credit reduces the Saskatchewan tax payable. Any unused amounts can be carried back three years or forward seven years. This credit is not refundable.

On line 765 in Part II of Schedule T2S-TC, enter the total qualified expenditures the corporation made in the year. On line 777, enter the amount of the credit the corporation is claiming.

Saskatchewan mining reclamation tax credit

A corporation that is a beneficiary of a mining reclamation trust located in Saskatchewan can be eligible for a tax credit equal to 17% of income that is subject to tax under Part XII.4 tax of the federal *Income Tax Act*.

The credit will reduce the corporation's provincial tax otherwise payable for its taxation year in which the trust's taxation year ends.

This credit is fully refundable but must first be applied against total taxes payable. There are no carry-back or carry-forward provisions.

To claim the credit, file the letter issued by the mining reclamation trust with the T2 return, and enter the amount of the credit earned in the current year on line 171, page 7 of your T2 return.

British Columbia

Effective July 1, 1996, the small business income tax rate will be reduced from 10% to 9%.

New small business tax reduction

The province of British Columbia will issue a certificate of eligibility, FIN562, to new corporations incorporated after April 30, 1996, and before April 1, 2001, who carry on business in British Columbia for some period of time between those dates. The taxation year for which the deduction is claimed must be the first or second taxation year of the corporation. The corporation must apply for the certificate within three years after the end of the applicable taxation year end. A separate certificate must be obtained for each taxation year. The province may cancel or refuse to issue a certificate of eligibility.

The corporation must be carrying on an active business and be allowed a small business deduction under the federal Act. Credit unions which are allowed the small business deduction or its equivalent will also be eligible for this reduction.

At least 25% of wages or salaries paid by the corporation must be to employees resident in British Columbia. The tax reduction will be equal to the provincial tax payable at the lower rate.

A corporation is not eligible for this reduction if:

- it is the result of an amalgamation;

- the corporation is associated with another corporation;
- the corporation was the beneficiary of a trust; and
- the business activity after incorporation is mainly the same as that carried on before incorporation as all or part of the activity of a proprietorship, partnership, or joint venture unless the activity was carried on as all or part of the business activity of a proprietorship or partnership for a period of 90 days or less before the date of incorporation, and that period did not begin after April 30, 1996.

To claim the credit, complete the calculation on certificate FIN562 and file it with the T2 return. Enter the amount of the credit on line 654 of Schedule T2S-TC.

Yukon Territory

Yukon Territory mining reclamation tax credit

A corporation that is a beneficiary of a mining reclamation trust located in the Yukon Territory can be eligible for a tax credit equal to 15% of income that is subject to tax under Part XII.4 tax of the federal *Income Tax Act*.

The credit will reduce the corporation's provincial tax otherwise payable for its taxation year in which the trust's taxation year ends.

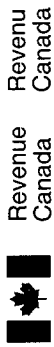
This credit is fully refundable but must first be applied against total taxes payable. There are no carry-back or carry-forward provisions.

To claim the credit, file the letter issued by the mining reclamation trust with the T2 return, and enter the amount of the credit earned in the current year on line 173, page 7 of your T2 return.

Notes

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Notes



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DECLARATION OF TAXPAYER RIGHTS

**YOU ARE ENTITLED TO A
FAIR HEARING AND
COURTEOUS TREATMENT.
FAIR HANDLING OF A
COMPLAINT IS ONE OF
YOUR FUNDAMENTAL
RIGHTS. ONE OF OUR
OBLIGATIONS IS TO HELP
YOU EXERCISE YOUR
RIGHTS.**

**IN YOUR DEALINGS WITH REVENUE CANADA ON INCOME TAX MATTERS,
YOU HAVE IMPORTANT RIGHTS**

Information

You are entitled to complete and accurate information about the *Income Tax Act*, the entitlements it allows you, and the obligations it imposes on you.

Courtesy and consideration

You are entitled to courteous and considerate treatment in all your dealings with us, whether we are requesting information or arranging for an interview or an audit.

Impartiality

You are entitled to demand impartial application of the law. It is our job to collect only the correct amount of tax, no more and no less.

Presumption of honesty

You are entitled to be presumed honest unless there is evidence to the contrary.

**YOU ARE ENTITLED TO
MANY OTHER RIGHTS
UNDER THE LAWS OF
CANADA.**

Privacy and confidentiality

You are entitled to expect that we will use the personal and financial information you provide us only for purposes the law allows.

Disputed amounts

You are entitled to withhold disputed amounts, to the extent the law allows, until our officers or a court decides on your objection. If you appeal to a higher court, you can put up security instead of paying the disputed amounts.

Impartial review

You are entitled to object to an assessment if you believe you have been treated unfairly. You must exercise this right within a specific period. Once you have filed a notice of objection, we will conduct an impartial review of your file. If the matter is not resolved to your satisfaction, you can appeal to the courts.

Bilingual service

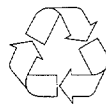
You are entitled to service in the official language of your choice.

**YOU ARE ENTITLED TO
KNOW YOUR RIGHTS AND
TO INSIST THAT THEY
BE RESPECTED.**

YOU HAVE THE RIGHT TO EVERY BENEFIT THE LAW ALLOWS

You are entitled to arrange your affairs to pay the least amount of tax the law allows. We are committed to applying the tax laws in a consistent and fair manner. We will be firm with those who are guilty of tax evasion.

Think recycling!



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