

## TAX SUMMARY FOR CORPORATIONS DETAILS FOR TAX PAYABLE

### TAX PAYABLE BY A CORPORATION

	Note		
TAXABLE INCOME OF A CORPORATION	A	+	<u><u>0</u></u>
<b>FEDERAL TAX</b>			
123(1) Income Tax (38%)		+	0
124(1) Federal tax abatement for provincial tax (10%)	B	-	(0)
123.4 General tax reduction	C	-	(0)
123.5 Tax on personal service business (PSB) (5%)		+	0
125 Small business deduction (SBD)	D	-	(0)
125.1 Manufacturing and processing profits deduction (M&P)	E	-	(0)
123.3 Refundable tax on CCPC's investment income	F	+	0
126 Foreign tax credit	G	-	(0)
127(3) Political contribution tax credit		-	(0)
127(5) Investment tax credit		-	(0)
125.3 Deduction of Part I.3 tax		-	<u>(0)</u>
TOTAL FEDERAL TAX - Part I		+	0
Federal Tax - Other Parts (Part IV) (Parts I.3, II, III.1, IV.1, VI, VI.1, XIII.1, XIV)	H	+	0
129(1) Dividend refund	I	-	(0)
127.1 Investment tax credit refund and other tax credits		-	<u>(0)</u>
TOTAL FEDERAL TAX		+	<u><u>0</u></u>
<b>PROVINCIAL TAX</b>			
Provincial Tax		+	<u>0</u>
TOTAL TAX PAYABLE		+	<u><u>0</u></u>
Tax paid by instalments and withheld at source		-	<u>(0)</u>
BALANCE PAYABLE OR REFUNDABLE		+	<u><u>0</u></u>

## TAX SUMMARY FOR CORPORATIONS DETAILS FOR TAX PAYABLE

### NOTE A - Analysis of Net income

	ABI		Personal Service Business	Investment		Dividend		Total
	Canadian	Foreign		Canadian	Foreign	Connected	Portfolio	
Busi - Manuf	0							0
Busi - Foreign		0						0
Dividends						0	0	0
Interest A/R	0							0
Interest LT				0				0
Interest Foreign					0			0
Royalties				0				0
Employment			0					0
Net TCG				0	0			0
	0	0	0	0	0	0	0	0

### NOTE B - Federal tax abatement for provincial tax (ITR400)

	Taxable income		Average %		Amount allocated	
Province A	0	x	%	=	0	
Province B	0	x	%	=	0	
Province C	0	x	%	=	0	
						x 10% =
Federal tax abatement for provincial tax						0

	Gross revenue	%	Salaries & wages	%	Average %	
					Calculations	Average %
Province A	0	%	0	%	(% + %) / 2	%
Province B	0	%	0	%	(% + %) / 2	%
Province C	0	%	0	%	(% + %) / 2	%
subtotal	0	%	0	%	(% + %) / 2	%
Foreign	0	%	0	%		
total	0	100%	0	100%		

## TAX SUMMARY FOR CORPORATIONS DETAILS FOR TAX PAYABLE

### NOTE C - General tax reduction (T2 page 5)

#### **General tax reduction for CCPC**

Taxable income			0
Ms: Manufacturing and Processing deduction (note E)	0	x 100 / 13	(0)
Ms: Personal service business income			(0)
Ms: SBD base = Lesser of : SBD A, B, C, M (note D)			(0)
Ms: Aggregate investment income (note F1)			(0)
			0
			x 13%
General tax reduction for CCPC			0

or

#### **General tax reduction for corporations other than CCPC**

Taxable income			0
Ms: Manufacturing and Processing deduction (note E)	0	x 100 / 13	(0)
Ms: Personal service business income			(0)
			0
			x 13%
General tax reduction for corporations other than CCPC			0

## TAX SUMMARY FOR CORPORATIONS DETAILS FOR TAX PAYABLE

### NOTE D - Small business deduction (SBD) (CCPC throughout the year) (T2 page 4)

19% of the lesser of:

(19% after 2018; 18% in 2018; 17.5% before 2018)

#### A) Net Canadian active business income

Income from active business carried on in Canada (note D1)	0	
Specified partnership income of the corporation	0	
Ms: Loss from active business carried on in Canada	(0)	
Ms: Specified partnership loss of the corporation	(0)	0

#### B) Taxable income

Ms: 100/28 x 126(3) credit for taxes paid on foreign non-business income calculated without 123.3 (additional refundable tax) and 123.4 (general tax reduction)	0	(0)	
Ms: 4* x 126(2) credit for taxes paid on foreign business income calculated without 123.4 (general tax reduction)	0	(0)	0

#### C) Corporation business limit for the year

Annual business limit (500,000 x $\frac{365}{365}$ days)	500,000	
Ms: Business limit allocated to associated corporations	(0)	
Allocated business limit to the corporation		0

#### M) Reduced business limit for the year

Annual business limit (500,000 x $\frac{365}{365}$ days) or if associated corporations	500,000	
Annual business limit to the corporation (see amount C above)		
Ms: Reduction to business limit (note D2)	(0)	
Reduced business limit	0	0

Small business deduction (19% of (Lesser of A, B, C, M)) 0

## TAX SUMMARY FOR CORPORATIONS DETAILS FOR TAX PAYABLE

### D1 - Income from active business carried on in Canada (125(7)) (T2 Schedule 7, Parts 5 & 6)

Net income for income tax purposes	0
Ps: Allowable business investment loss (ABIL)	0
Ms: Foreign business income after deducting related expenses (Ps: loss)	(0)
Ms: Taxable capital gains	(0)
Ms: Net property income (Ps: loss)	(0)
Ms: Personal services business income after deducting related expenses	(0)
Ms: Partnership income not eligible for the SBD	(0)
	0
Income from active business carried on in Canada (* positive or 0)	0

### D2 - Reduction to business limit (125(5.1)) (T2 page 4)

#### D2A) Taxable capital business limit reduction

*(No reduction if Taxable capital below \$10,000,000)*

$$\begin{array}{r} \text{Allocated} \\ \text{business limit to} \\ \text{the corporation} \end{array} \times \frac{[0.225\% \times [TCECPY - \$10,000,000]]}{\$11,250} = \text{D2A} \quad (0)$$

(TCECPY = taxable capital employed in Canada for its preceding year)

#### D2B) Passive income business limit reduction (after 2018)

*(No reduction if passive income below \$50,000)*

$$\begin{array}{r} \text{Allocated} \\ \text{business limit to} \\ \text{the corporation} \end{array} \times \frac{AAII - \$50,000}{\$100,000} = \text{D2B} \quad (0)$$

(AAII = Adjusted aggregated investment income) (see note D3)

Reduction to business limit - Greater of D2A and D2B (\* positive or 0) (0)

### D3 - AAI - Adjusted aggregated investment investment income (125(7)) (T2 Schedule 7, Part 2)

AAI aggregated investment income (note F1)	0
+/- : Exclude TCG/ACL on active assets, connected CCPC shares	+/- (0)
Exclude dividend from a connected corporation	
Exclude business income from an interest in a trust which is property inc.	
	(0)
AAII Adjusted aggregated investment income (* positive or 0)	(0)

**TAX SUMMARY FOR CORPORATIONS  
DETAILS FOR TAX PAYABLE**

**NOTE E - Manufacturing and Processing deduction (T2 Schedule 27)**

Ea) Canadian manufacturing and processing profits (MP)	0		
Ms: SBD base = Lesser of : SBD A, B, C, M	(0)	0	x 13%
			of lesser
Eb) Taxable income	0		Ea) or
Ms: SBD base = Lesser of : SBD A, B, C, M	(0)		Eb)
Ms: Aggregate investment income (for CCPC only)	(0)		=
Ms: Foreign business income tax credit x 4	(0)	0	
			<u>0</u>

**Canadian manufacturing and processing profits (ITR 5202)  
- Small manufacturing corporations (<= \$200,000)**

MP = <= 200 (+ ABI from all associated corp) active business income (ABI) (loss) = 0

**- Corporations that do not qualify as small manufacturing**

MP = ADJUBI x  $\frac{MC + ML}{C + L}$  = 0 x  $\frac{0 + 0}{0 + 0}$  = 0

**ADJUBI (Adjusted Business Income)**

Active business income (ABI)	0
Less: Net resource income (ITR 5203(3))	(0)
Less: Other	(0)
	<u>0</u>

**MC (Cost of Manufacturing and Processing Capital)**

10% of manufacturing assets (\$0)	0
100 / 85 of total (\$0)	0
Lesser of: i) cost of capital (C)	0
ii) cost of manufacturing and processing capital (100/85)	0
	<u>0</u>

**C (Cost of Capital)**

10% of gross capital cost of assets (0-0 = 0)	<u>0</u>
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**ML (Cost of Manufacturing and Processing Labour)**

Portion of total salary expenses used in qualified activities (ITR 5202)	
Included:	<u>0</u>
100 / 75 x \$0	<u>0</u>
Lesser of: i) cost of labour (L)	0
ii) cost of manufacturing and processing labour (100/75)	0
	<u>0</u>

**L (Cost of Labour)**

Total salary expenses (ITR 5202)	<u>0</u>
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## TAX SUMMARY FOR CORPORATIONS

### DETAILS FOR TAX PAYABLE

#### NOTE F - Refundable tax on CCPC's investment income (CCPC throughout the year) (T2 page 8)

Lesser of:

FA) Aggregate investment income (note F1)			0
FB) Taxable income	0		
Ms: Lesser of:			
- Income from active business in Canada (SBD - A)	(0)		
- Taxable income reduced (SBD - B)	(0)		
- Business limit (SBD - C)	(0)		
- Reduced business limit (SBD - M)	(0)	(0)	0
Lesser of: FA, FB			0
Refundable tax on CCPC's investment income		x 10 2/3%	<u>0</u>

#### F1 - All - Aggregate investment income (T2 Schedule 7, Part 1)

Eligible portion of taxable capital gains included in net income			0
Ms: Eligible portion of allowable capital losses (inc. ABIL)			(0)
Ms: Net capital losses of other years claimed in taxable income			(0)
Income from property			0
Ms: Exempt income			(0)
Ms: Taxable dividends deductible in taxable income			(0)
Ms: Loss from property			(0)
Aggregate investment income (* positive or 0) (aggregate world source income)			<u>0</u>

#### F2 - Foreign investment income (T2 Schedule 7, Part 2)

Eligible portion of taxable capital gains included in net income			0
Ms: Eligible portion of allowable capital losses (inc. ABIL)			(0)
Income from property from a source outside Canada			0
Ms: Exempt income			(0)
Ms: Taxable dividends deductible in taxable income			(0)
Ms: Business income from an interest in a trust which is property income			(0)
Ms: Loss from property from a source outside Canada			(0)
Foreign investment income (* positive or 0) (all income from sources outside Canada)			<u>0</u>

## TAX SUMMARY FOR CORPORATIONS DETAILS FOR TAX PAYABLE

### NOTE G - Foreign tax credit (T2 Schedule 21, Parts 1 & 2)

	Federal foreign non-business (n-b) income		Federal foreign business (b) income	
	<u>0</u>		<u>0</u>	
Net foreign (n-b / b) income earned in the year	0	B	0	B
Foreign (n-b / b) income tax paid for the year	0	C	0	C
Foreign (n-b) income tax paid deducted under 20(12)	0	D		
Unused foreign income tax credits from preceding years			0	D
C - D	0	E		
C + D			0	E
Adjusted net income (note G1)	0	F	0	F
Part I tax otherwise payable (note G2)	0	G	0	G
(B x G) / F (maximum G)	0	H		
Lesser of: E, H	0	I		
Part I tax otherwise payable			0	H
Ms: Foreign (n-b) income tax credits claimed				
(B x G) / F (maximum G)			0	I
Lesser of: E, H, I			0	J
Federal foreign non-business income tax credit	<u>0</u>	I		
Federal foreign business income tax credit			<u>0</u>	J
Total Federal foreign tax credit (I + J)			<u>0</u>	



## TAX SUMMARY FOR CORPORATIONS DETAILS FOR TAX PAYABLE

### Foreign tax credit

#### G1 - Adjusted net income (T2 Schedule 21, Part 6)

Net income for income tax purposes (* positive or 0)	0	
Ms: Net capital losses claimed in taxable income under 111(1)b	(0)	
Ms: Taxable dividends deductible in taxable income (112 & 113)	(0)	
	<u>0</u>	
Net amount (* positive or 0)	0	
Ps: Amount added to taxable income for foreign tax deductions 110.5	0	
	<u>0</u>	
Adjusted net income		<u><u>0</u></u>

### Foreign tax credit

#### G2 - Part I tax otherwise payable (T2 Schedule 21, Parts 7 & 8)

	Federal foreign non-business income	Federal foreign business income
	<u>                    </u>	<u>                    </u>
Base amount of Part I tax (38% x taxable income)	0	0
Ms: Federal tax abatement	(0)	n/a
Ms: Investment corporation deduction	(0)	(0)
Ms: General tax reduction for CCPC's		(0)
Ms: General tax reduction	(0)	(0)
Ps: Recapture of investment tax credit	0	0
Ps: Refundable tax on CCPC's investment income	0	
	<u>0</u>	<u>0</u>
Part I tax otherwise payable	<u><u>0</u></u>	<u><u>0</u></u>

# TAX SUMMARY FOR CORPORATIONS

## DETAILS FOR TAX PAYABLE

### NOTE H - Part IV

#### NOTE H1 - Part IV (for tax years starting after 2018) (T2 Schedule 3, Parts 1 & 2)

##### Data (see note I2)

Taxable dividend deductible in TI by connected corp (= amount F)	0	1A/Fc
Taxable dividend deductible in TI by non-connected corp (= amount F)	0	1B/Fnc
Eligible dividends received from connected corp included in amount F (= amount G)	0	1C/Gc
Eligible dividends received from non-connected corp included in amount F (= amount G)	0	1D/Gnc
Taxable dividends paid by connected corporation (= amount H)	0	1C/H
Dividend refund of the connected corporation (= amount I)	0	I

##### Calculations

Part IV tax before deductions on taxable dividends received connected corp. (amount I / amount H) x amount Fc)	0	1F
Part IV tax before deductions on taxable dividends received non-connected corp. (amount K (Fnc) x 38.33%)	0	1G
Total Part IV tax before deductions on taxable dividends (1F + 1G)	0	1H
Part IV on Eligible dividends received from connected corp. (amount I / amount H) x amount Gc)	0	1I
Part IV on Eligible dividends received from non-connected corp. (amount J (Gnc) x 38.33%)	0	1J
Total Part IV tax on eligible dividends received (1I + 1J)	0	1K
Part IV tax before deductions on taxable dividends (other than eligible dividend) (1H - 1K)	0	1L
Part IV tax before deductions on taxable dividends (1H)	0	2A
Ms: Part Iv.1 tax payable on dividends subject to Part IV tax (line 380, schedule 43)	(0)	320
Sub-total	(0)	2B
<i>Amounts claimed to reduce Part IV tax</i>		
Ms: Current-year non-capital loss claimed to reduce Part IV tax	(0)	330
Ms: Non-capital loss from previous years claimed to reduce Part IV tax	(0)	335
Ms: Current-year farm loss claimed to reduce Part IV tax	(0)	340
Ms: Farm losses from previous years claimed to reduce Part IV tax	(0)	345
Total losses applied against Part IV tax	(0) x 38.33%	(0) 2D
<b>Total Part IV tax payable (2B - 2D) (* positive or 0))</b>	0	360
<b>Part IV tax payable on taxable dividends received from connected corp.</b>	0	2E
(2E (L) - 2F (amount 4A from Schedule 43) (* positive or 0))		2G
<b>Part IV tax payable on eligible dividends received from non-connected corp</b>	0	2H
(2H (1J) - 2I (amount 4C from Schedule 43) (* positive or 0))		2J

## TAX SUMMARY FOR CORPORATIONS DETAILS FOR TAX PAYABLE

**NOTE H2 - Part IV** (for tax years starting before 2019) (T2 Schedule 3, Parts 1 & 2)

*From corporations other than connected corporations*

Taxable dividend deductible in taxable income (= amount F)	0	
Part IV (amount F x 38.33%)		0

*From connected corporations*

Taxable dividend deductible in taxable income by connected corporation (= amount F)	0	
Taxable dividends paid by connected corporation (amount G)	0	
Dividend refund of the connected corporation (amount H)	0	
Part IV (amount F x amount H) / amount G		<u>0</u>
Part IV tax before deduction		0
Ms: Part IV.1 tax payable on dividends subject to Part IV tax		(0)

*Amounts claimed to reduce Part IV tax*

Ms: Current-year non-capital loss claimed to reduce Part IV tax	(0)	
Ms: Non-capital loss from previous years claimed to reduce Part IV tax	(0)	
Ms: Current-year farm loss claimed to reduce Part IV tax	(0)	
Ms: Farm losses from previous years claimed to reduce Part IV tax	<u>(0)</u>	
Total losses applied against Part IV tax	(0) x 38.33%	<u>(0)</u>
<b>Part IV tax payable</b>		<u><u>0</u></u>

## TAX SUMMARY FOR CORPORATIONS DETAILS FOR TAX PAYABLE

### NOTE I - Dividend refund (DR)

(Private and subject corporation at the time taxable dividends were paid in the taxation year)

#### IA - Dividend refund (for tax years starting after 2018) (T2 page 7)

Eligible refundable dividend tax on hand (**ERDTOH**) Non-Eligible refundable dividend tax on hand (**NERDTOH**)

IA1) Total eligible dividends paid in the tax year for DR (note I2 465)	0	x 38.33%	0	AA
IA2) ERDTOH balance at the end of the tax year (note J1)			0	BB
IA3) <b>Eligible dividend refund</b> (lesser of IA1, IA2)			<u>0</u>	CC
IA4) Total non-eligible dividends paid in the tax year for DR (note I2 470)	0	x 38.33%	0	DD
IA5) NERDTOH balance at the end of the tax year (note J1)			0	EE
IA6) <b>Non-eligible dividend refund</b> (lesser of IA4, IA5)			<u>0</u>	FF
IA7) Amount IA4 - amount IA5 (* positive or 0) (Total non-eligible dividends paid in the tax year for DR - NERDTOH balance at the end of the tax year)			0	GG
IA8) Amount IA2 - amount IA3 (* positive or 0) (ERDTOH balance at the end of the tax year - Eligible dividend refund)			0	HH
IA9) <b>Additional non-eligible dividend refund</b> (lesser of IA7, IA8)			<u>0</u>	II
<b>Dividend refund</b> (amount IA3 (CC) + amount IA6 (FF) + amount IA9 (II))			<u>0</u>	JJ

#### IB - Dividend refund (for tax years starting before 2019)

IB1) Taxable dividends paid in the year for dividend refund (note I1)	0	x 38.33%	0
IB2) Refundable dividend tax on hand at the end of the year (note J2)			0
Dividend refund (lesser of IB1, IB2)			<u>0</u>

**TAX SUMMARY FOR CORPORATIONS  
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**I1 - Dividend paid in the taxation year (T2 Schedule 3, Part 4)**

Total dividends paid in the taxation year	500	0
Ms: Dividends paid out of capital dividend account (CDA)	510	(0)
Ms: Capital gains dividends	520	(0)
Ms: Dividends paid on shares described in 129(1.2) (deemed not to be taxable dividends)	530	(0)
Ms: Taxable dividends paid to a controlling corporation that was bankrupt at any time in the year	540	(0)
		<hr/>
Total taxable dividends paid in the tax year that qualify for a dividend refund		<u><u>0</u></u>

**I2 - Taxable dividends paid in the tax year that qualify for a dividend refund (T2 Sch 3 - Part 3)**

		Eligible dividend	Non-Eligible dividend
Total taxable dividends paid in the tax year to other than connected corp.	450		0
Eligible dividends included in 450 (other than connected corp.)	455	0	
Total taxable dividends paid in the tax year to connected corp.	0		0
Eligible dividends included in 0 (connected corp.)	P	0	
Total taxable dividends paid in the tax year that qualify for a DR	460		<hr/> 0
Total eligible dividends paid in the tax year	465	<u><u>0</u></u>	<u><u>&gt;&gt;&gt; (0)</u></u>
Total non-eligible dividends paid in the tax year	470		<hr/> <u><u>0</u></u>

## TAX SUMMARY FOR CORPORATIONS DETAILS FOR TAX PAYABLE

### J - Refundable dividend tax on hand (RDTOH)

#### J1 - Refundable dividend tax on hand (RDTOH) (for tax years starting after 2018) (T2 page 7)

Eligible refundable dividend tax on hand (**ERDTOH**) Non-Eligible refundable dividend tax on hand (**NERDTOH**)

Part IV tax payable on taxable dividends connected corp. (note H1, 2G)	0		C
Part IV tax payable on eligible dividends non-connected corp. (note H1, 2J)	0		D
	0		
C+D		0	E
		ERDTOH    NERDTOH	
ERDTOH at the end of previous tax year	0		A
NERDTOH at the end of previous tax year		0	B
Net ERDTOH transferred on an amalgamation or the wind-up of a subsidiary	0		F
Net NERDTOH transferred on an amalgamation or the wind-up of a subsidiary		0	M
ERDTOH dividend refund for the previous year	(0)		G
NERDTOH dividend refund for the previous year		(0)	N
Refundable portion of Part I tax during current year		0	H
Part IV tax before deductions (note H1, 2A)	0		I
Part IV tax allocated to ERDTOH (amount E)	(0)		J
Part IV tax reduction due to Part IV.1 tax payable (amount 4D sch. 43)	(0)		K
	0		
I-J-K		0	L
38 1/3% of total losses applied against Part IV tax (note H1, 2D)	0		O
Part IV tax payable allocated to NERDTOH, net of losses claimed (L-O) (* positive or 0)		0	P
Part IV tax payable allocated to ERDTOH, net of losses claimed (E - (amount O - amount L, if positive); * positive or 0)		0	Q
ERDTOH / NERDTOH at the end of current tax year			bal
ERDTOH = amounts A + F + Q - G (* positive or 0)		0	
NERDTOH = amounts B + H + M + P - N (* positive or 0)		0	545
		0	530

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#### J2 - Refundable dividend tax on hand (RDTOH) (for tax years starting before 2019) (T2 page 6)

J2A) Refundable dividend tax on hand (RDTOH) at the end of preceding year	0	
Ms: Dividend refund for the previous year	(0)	0
	<hr/>	
J2B) Refundable portion of Part I tax during current year (note IB)	0	
Ps: Total Part IV tax payable during current year (note H2)	0	
Ps: Net Refundable dividend tax on hand (RDTOH) transferred from a predecessor corporation on amalgamation, or from a wound-up subsidiary corporation	0	
	<hr/>	0
Refundable dividend tax on hand (RDTOH) at the end of current year		<hr/> <hr/>

## TAX SUMMARY FOR CORPORATIONS DETAILS FOR TAX PAYABLE

### I3 - Refundable portion of Part I tax (CCPC throughout the year) (T2 page 6)

AA) Aggregate investment income (note F1)	0	x 30 2/3%	0
BB) Foreign non-business income tax credit			0
Ms: Foreign investment income (note F2)	0	x 8%	<u>(0)</u>
CC) AA - BB (* positive or 0)			0
DD) Taxable income			0
Ms: Lesser of SBD base (note D):			
- Income from active business in Canada (SBD - A)			(0)
- Taxable income reduced (SBD - B)			(0)
- Business limit (SBD - C)			(0)
- Reduced business limit (SBD - M)			<u>(0)</u>
Ms: Foreign non-business income tax credit (note G)	0	x 75 / 29	(0)
Ms: Foreign business income tax credit (note G)	0	x 4	<u>(0)</u>
			0
		x 30 2/3%	0
EE) Part I tax payable	0		
Ms: Investment tax credit refund			<u>(0)</u>
Refundable portion of Part I tax (Lesser of: CC, DD, EE)			<u><u>0</u></u>

#### Note:

Please note that some deductions, tax credits and elements are omitted in the tax payable calculations to simplify the learning. Please refer to the Income Tax Act and CRA publications and forms for other items.