



Newfoundland and Labrador Capital Tax on Financial Institutions (2016 and later tax years)

Corporation's name	Business number	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: center;">Tax year-end</td> <td style="text-align: center;">Year</td> <td style="text-align: center;">Month</td> <td style="text-align: center;">Day</td> </tr> <tr> <td style="text-align: center;"> </td> <td style="text-align: center;"> </td> <td style="text-align: center;"> </td> <td style="text-align: center;"> </td> </tr> </table>	Tax year-end	Year	Month	Day				
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- For use by corporations that are financial institutions with a permanent establishment (as defined in the federal Income Tax Regulations) at any time in the tax year in the province of Newfoundland and Labrador, including off-shore areas, and that are liable to pay tax on their capital for tax years starting after October 31, 2008.
- Subsection 66.1(1) of the Newfoundland and Labrador Income Tax Act defines the term **financial institution**.
- You have to complete Schedule 38, Part VI Tax on Capital of Financial Institutions, in order to complete this schedule. File these two completed schedules with the T2 Corporation Income Tax Return within six months of the end of the tax year.

Part 1 – Newfoundland and Labrador taxable capital in excess of capital deduction for the year

Capital for the year (amount from line 190 or 290 of Schedule 38)	110	
Capital deduction claimed for the year Note 1	120	
Excess amount (line 110 minus line 120) (if negative, enter "0")		1A

If the corporation has a permanent establishment only in Newfoundland and Labrador, including off-shore areas, enter amount 1A on amount 1H. Otherwise, complete one of the following calculations (whichever applies):

If the corporation is a loan corporation, a trust corporation, or a trust and loan corporation:

$$\frac{\text{Line 143 plus line 144 of Schedule 5}}{\text{Line 169 of Schedule 5}} = \text{ } \% \text{ 1B}$$

$$\text{Amount 1A} \times \text{Percentage on amount 1B} \% = \text{ } \text{1C}$$

Enter amount 1C on amount 1H.

If the corporation is a bank:

$$\frac{\text{Line 103 plus line 104 of Schedule 5}}{\text{Line 129 of Schedule 5}} = \text{ } \% \text{ 1D}$$

$$\frac{2 \times (\text{line 143 plus line 144 of Schedule 5})}{\text{Line 169 of Schedule 5}} = \text{ } \% \text{ 1E}$$

$$\text{Add percentages 1D and 1E} \% \times \frac{1}{3} \text{ Note 2} = \text{ } \% \text{ 1F}$$

$$\text{Amount 1A} \times \text{Percentage on amount 1F} \% = \text{ } \text{1G}$$

Enter amount 1G on amount 1H.

Newfoundland and Labrador taxable capital employed in the year (amount 1A, 1C, or 1G, whichever applies) 1H

Investments in related financial institutions as determined under section 66.4 of the Newfoundland and Labrador Income Tax Act **125**

Newfoundland and Labrador taxable capital in excess of capital deduction for the year
(amount 1H **minus** line 125) **130**

Note 1 Enter \$5,000,000 or, for related corporations, the amount allocated on Schedule 306, Newfoundland and Labrador Capital Tax on Financial Institutions – Agreement Among Related Corporations, if the capital of the corporation (line 110) or the combined capital of the corporation and its related financial institutions is \$10,000,000 or less. Otherwise, enter zero.

Note 2 If line 129 of Schedule 5, Tax Calculation Supplementary – Corporations, is blank or zero, multiply by 1/2 instead of 1/3. If line 169 of Schedule 5 is blank or zero, multiply by 1 instead of 1/3.

Part 2 – Newfoundland and Labrador capital tax on financial institutions

Line 130 _____ × $\frac{\text{Number of days in the tax year before April 1, 2015}}{\text{Number of days in the tax year}}$ × 4% = 2A

Line 130 _____ × $\frac{\text{Number of days in the tax year after March 31, 2015 and before January 1, 2016}}{\text{Number of days in the tax year}}$ × 5% = 2B

Line 130 _____ × $\frac{\text{Number of days in the tax year after December 31, 2015}}{\text{Number of days in the tax year}}$ × 6% = 2C

Subtotal (total of amounts 2A, 2B and 2C) _____ 2D

For a tax year less than 51 weeks:

Amount 2D _____ × $\frac{\text{Number of days in the tax year}}{365}$ = 2E

Newfoundland and Labrador capital tax on financial institutions (amount 2D or amount 2E, whichever applies) **150** _____

Enter line 150 on line 518 of Schedule 5, Tax Calculation Supplementary – Corporations. Line 150 may be deducted in calculating net income for federal income tax purposes.