



**ONTARIO SPECIAL ADDITIONAL TAX ON LIFE INSURANCE CORPORATIONS (SAT)
(2009 and later tax years)**

Name of corporation _____	Business Number _____	<table style="width:100%; border-collapse: collapse;"> <tr> <td style="text-align: center; border-bottom: 1px solid black;">Year</td> <td style="text-align: center; border-bottom: 1px solid black;">Tax year-end Month</td> <td style="text-align: center; border-bottom: 1px solid black;">Day</td> </tr> <tr> <td style="width:33%; height: 20px;"></td> <td style="width:33%;"></td> <td style="width:33%;"></td> </tr> </table>	Year	Tax year-end Month	Day			
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- Complete this schedule for a life insurance corporation carrying on business in Ontario at any time in the tax year. The Ontario special additional tax on life insurance corporations (SAT) is levied under section 63 of the *Taxation Act, 2007* (Ontario).
- Subsection 181(3) provides the basis to determine the carrying value of a life insurance corporation's assets or any other amount under section 63 of the *Taxation Act, 2007* (Ontario) for its capital, taxable paid-up capital, and taxable capital employed in Canada.
- Unless otherwise noted, all amounts are determined as of the end of the year.
- Unless otherwise noted, references to parts, subsections, subparagraphs, clauses, and regulations are from the federal *Income Tax Act* and the *Income Tax Regulations*.
- File this schedule with the *T2 Corporation Income Tax Return*.

Part 1 – Capital (resident life insurance corporation)

Add:			
Long-term debt	110	_____	
Capital stock (for a corporation incorporated without share capital, its members' contributions)	112	_____	
Retained earnings	114	_____	
Contributed surplus	116	_____	
Any other surpluses	118	_____	
	Subtotal	_____	▶ _____ A
Deduct:			
Deferred tax debit balance or future tax assets	130	_____	
Any deficit deducted in computing shareholders' equity (subsection 63(4) of the <i>Taxation Act, 2007</i> (Ontario))	132	_____	
	Subtotal	_____	▶ _____ B
Capital for the year (amount A minus amount B) (if negative, enter "0")		_____	150 _____

Part 2 – Taxable capital employed in Canada (resident life insurance corporation)

Capital for the year (amount from line 150 in Part 1)		_____	
Add:			
Capital of foreign insurance subsidiaries (amount BBB from page 4)	160	_____	
	Subtotal	_____	C
Total reserve liabilities	164	_____	
Add:			
Total reserve liabilities of foreign subsidiaries (amount CCC from page 4)	166	_____	
	Subtotal	_____	D
Canadian reserve liabilities (Regulation 2400(1))	168	_____	E
Proportion of capital over reserve liabilities:			
$\frac{\text{Amount E}}{\text{Amount D}}$	×	Amount C	=
			170 _____ F
Add:			
Amount determined under subparagraph 190.11(b)(ii)	180	_____	
Taxable capital employed in Canada (resident life insurance corporation)		_____	190 _____
(amount on line 170 plus the amount on line 180)			

Part 3 – Capital and taxable capital employed in Canada (non-resident life insurance corporation)

The amount that is the greater of:

a) The amount, if any, by which the corporation's surplus funds derived from operations as of the end of the year, exceeds the total of all amounts, each of which is:

i) an amount on which it was required or would have been required, but for subsection 219(5.2), to have paid tax under Part XIV for a previous tax year, less the part, if any, of the amount on which tax was payable, or would have been payable, described in subparagraph 219(4)(a)(i.1), or

ii) an amount on which it was required or would have been required, but for subsection 219(5.2), to have paid tax under subsection 219(5.1) for the year because of the transfer of an insurance business to which subsection 138(11.5) or (11.92) applied

210 _____

b) Attributed surplus for the year (Regulation 2400(1))

214 _____

Greater of the amounts on line 210 and line 214 ▶ _____ G

Add:

Any other surpluses related to insurance businesses carried on in Canada

218 _____

Long-term debt that may reasonably be regarded as related to insurance businesses carried on in Canada

222 _____

Amount determined under subparagraph 190.11(b)(ii)

226 _____

Subtotal ▶ _____ H

Capital and taxable capital employed in Canada (non-resident life insurance corporation) (amount G plus amount H) **290** _____ I

Part 4 – Capital allowance

Is the corporation related at the end of the year to another life insurance corporation that carries on business in Canada? . . . **310** 1 Yes 2 No

If you answered **yes** to the question at line 310, use Schedule 513, *Agreement Among Related Life Insurance Corporations (Ontario)*, to calculate the capital allowance to be entered on line 330.

If you have not filed Schedule 513 with your return because another life insurance corporation in the related group has filed it, complete the following information for that corporation:

315 Name of corporation _____

320 Business Number _____ R | C | _____

325 Tax year-end
Year | Month | Day

If you answered **no** to the question at line 310, complete the following calculation:

Basic amount 10,000,000 1

Add the following:

0.50 × [(lesser of \$50 million and line 190 or line 290) minus \$10 million] (if negative, enter "0") . . . _____

0.25 × [(lesser of \$100 million and line 190 or line 290) minus \$50 million] (if negative, enter "0") . . . _____

0.50 × [(lesser of \$300 million and line 190 or line 290) minus \$200 million] (if negative, enter "0") _____

0.75 × [(line 190 or line 290) minus \$300 million] (if negative, enter "0") . . . _____

Subtotal ▶ _____ 2

Total (amount 1 plus amount 2) _____ 3

Capital allowance (amount 3 or the amount from line 400 on Schedule 513, whichever applies) **330** _____

Part 5 – Taxable paid-up capital

Taxable capital employed in Canada (amount from line 190 in Part 2 or line 290 in Part 3) _____

Deduct:

Capital allowance (amount from line 330 in Part 4) _____

Subtotal _____ ▶ _____ J

Ontario domestic factor *: $\frac{\text{Ontario taxable income}^{**}}{\text{taxable income earned in all provinces and territories}^{***}}$ = _____ K

Taxable paid-up capital (amount J multiplied by amount K) **350** _____

* If the taxable income (amount from line 360 of the T2 return) is 0, calculate Ontario taxable income and taxable income earned in all provinces and territories as if taxable income were \$1,000.

** If the corporation has a permanent establishment only in Ontario, enter the amount from line 360 from page 3 of the T2 return. Otherwise, enter the taxable income allocated to Ontario from column F in Part 1 of Schedule 5, *Tax Calculation Supplementary – Corporations*.

*** Includes the offshore jurisdictions for Nova Scotia, and Newfoundland and Labrador.

Part 6 – SAT

Taxable paid-up capital (amount from line 350 in Part 5) _____ L

Gross SAT:

Amount L × 1.25% × $\frac{\text{Number of days in the tax year ()}^*}{365}$ = _____ **460** _____ M

Deduct:

Ontario corporate income tax payable (amount from line G6 of Schedule 5) _____

Ontario corporate minimum tax payable (amount from line 278 of Schedule 5) _____

Subtotal _____ ▶ _____ N

SAT payable ** (amount M minus amount N) (if negative, enter "0") _____ O
Enter this amount on line 280 of Schedule 5.

* Cannot be more than 365.

** The SAT payable for the tax year is added to the corporation's corporate minimum tax (CMT) credit carryforward. The CMT credit can be deducted to reduce Ontario corporate income tax payable. Complete Part 4 of Schedule 510, *Ontario Corporate Minimum Tax*, to report SAT payable for the tax year.

Complete the following tables to determine the amounts to use in Part 2, on page 1, in calculating the taxable capital employed in Canada of a Canadian resident corporation that carried on a life insurance business in Ontario.

Table 1

	1	2	3	4	5	6	7	8	9
	Name of foreign insurance subsidiary	Long-term debt	Capital stock or members' contributions	Retained earnings	Surpluses	Subtotal 2+3+4+5	Deferred tax debit balance or future tax assets	Deficit deducted in computing shareholders' equity	Capital 6 – (7+8) Enter in column (2) in Table 2 below
1.									
2.									
3.									
4.									
5.									
6.									
7.									
8.									

Table 2

	1	2	3		4	5	6
	Name of foreign insurance subsidiary	Capital of foreign insurance subsidiary per subsection 63(6) of the <i>Taxation Act, 2007</i> (Ontario) (from column 9 in Table 1)	Capital stock and long-term debt invested in the subsidiary per clause 63(6)(a) of the <i>Taxation Act, 2007</i> (Ontario)		Any other surplus contributed into the subsidiary per clause 63(6)(b) of the <i>Taxation Act, 2007</i> (Ontario)	Amount determined under subsection 63(6) of the <i>Taxation Act, 2007</i> (Ontario) (capital of foreign insurance subsidiaries) columns 2 – (3+4) (see Note 1)	Total reserve liabilities under subsection 63(7) of the <i>Taxation Act, 2007</i> (Ontario) (see Note 2)
			Capital stock	Long-term debt			
1.							
2.							
3.							
4.							
5.							
6.							
7.							
8.							

Totals	BBB	CCC
	(enter on line 160 in Part 2)	(enter on line 166 in Part 2)

Notes

- 1) The amount in column 5 of Table 2, for each subsidiary, cannot be less than zero.
- 2) The amounts in column 6 of Table 2 are those that would be reported by the foreign insurance subsidiary for that year if it had to report to the Office of the Superintendent of Financial Institutions.