



Agreement Among Associated Corporations to Allocate an Amount to Calculate Their Base Level Deduction

- For use by associated corporations to allocate the amount to be used when calculating the corporation's **base level deduction** for a tax year under subsection 18(2.3) of the *Income Tax Act*.
- Under subsection 18(2), a corporation whose principal business is the leasing, rental or sale, or the development for lease, rental or sale of real property, can deduct interest and taxes on vacant land up to the total of the income from the land (net of other deductions) and the **base level deduction** for the year.
- For a corporation that is a member of an associated group of corporations, the base level deduction for a tax year is its allocated portion of the amount of interest, calculated at the prescribed rate, for \$1 million of debt outstanding throughout the year.
- Each corporation has to file one completed copy of this agreement signed on behalf of every corporation of the group with its *T2 Corporation Income Tax Return* for the tax year.
- File a new agreement for each tax year. If the agreement is not filed within 30 days after the written notification that such an agreement is required, the allocation will be determined by the Minister.
- Where a corporation has two or more tax years ending in the same calendar year and is associated with another corporation, according to paragraph 18(2.5)(a), the corporation's **base level deduction** (before any proration for a short year) for each tax year is the amount allocated to it for its first such tax year under subsection 18(2.3).
- Prorate the **base level deduction** for any tax year of less than 51 weeks according to 18(2.5)(b).
- If you need more space, attach additional schedules.

	Name of associated corporations	Business number of associated corporations	Base level deduction allocated for the tax year \$	Signature of authorized officer and position or office	Date YYYY/MM/DD
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					
Total					