



Election in Respect of a Capital Gains Dividend Under Subsection 130.1(4)

- A corporation that was, throughout the year, a mortgage investment corporation under subsection 130.1(6) can use this form to elect to have the provisions of subsection 130.1(4) apply to a dividend paid during the period beginning 91 days after the beginning of that year and ending 90 days after the end of that year (referred to on this form as the **period**).
- All legislative references are to the Income Tax Act and Income Tax Regulations.
- Mail one completed copy of this election, separately from any other return, to the processing site noted below on or before the earlier of:
 - (i) the day on which the dividend is paid; and
 - (ii) the first day on which any part of the dividend is paid.

Do not use this area

Prince Edward Island Tax Centre
275 Pope Road
Summerside PE C1N 6A2

- Report any amount paid for the dividend for which this election is made as a capital gains dividend on a T5 information return (T5 summary and the related slips) for the calendar year in which the payment was made.

Part 1 – Identification

Corporation's name	002	Business number		001
Address		Postal code		018
Name of contact person		Tax services office		020
Mailing address (complete only if different from address above)		Telephone number		022

Part 2 – Required information

Date this dividend becomes payable (where applicable)	100	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 33%; text-align: center;">Year</td> <td style="width: 33%; text-align: center;">Month</td> <td style="width: 33%; 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> </tr> </table>	Year	Month	Day	_ _	_	_
Year	Month	Day						
_ _	_	_						
First day on which any part of the dividend was paid (enter only if earlier than the date the dividend becomes payable)	110	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 33%; text-align: center;">Year</td> <td style="width: 33%; text-align: center;">Month</td> <td style="width: 33%; 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> </tr> </table>	Year	Month	Day	_ _	_	_
Year	Month	Day						
_ _	_	_						
Tax year-end during which the dividend or any part of it was paid	120	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 33%; text-align: center;">Year</td> <td style="width: 33%; text-align: center;">Month</td> <td style="width: 33%; 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> </tr> </table>	Year	Month	Day	_ _	_	_
Year	Month	Day						
_ _	_	_						
Deemed capital gains dividend								
Full amount of dividend for which this election is made	130							
Full amount of taxed capital gains for the year:								
Taxable capital gains for the year	140							
Allowable capital losses for the year	150							
Amount deducted under paragraph 111(1)(b)	160							
Subtotal (line 150 plus line 160)								
		2A						
Taxed capital gains for the year (line 140 minus amount 2A)								
		2B						
Taxed capital gains for the year (amount 2B)	170							
Inclusion rate for the year under paragraph 38(a)*								
Amount of any dividend paid during the period, and before this dividend, deemed to be a capital gains dividend	180							
Amount available for payment of capital gains dividend (line 170 minus line 180) (if negative enter "0")								
		2C						
Amount of dividend deemed to be a capital gains dividend (lesser of line 130 and amount 2C)								
		2D						

* The relevant inclusion rates for the tax years are: Prior to January 1, 1988, 1/2; from January 1, 1988 to December 31, 1989, 2/3; from January 1, 1990 to February 27, 2000, 3/4; from February 28, 2000 to October 17, 2000, 2/3; and since October 17, 2000 to the present, 1/2.

Part 3 – Late-filing penalty

According to subsection 131(1.1), a late-filing penalty will apply to an election filed after its due date.

Line 130	200	$\times 1\%$			3A
Number of Months*	210	$\div 12$			3B
Subtotal (amount 3A multiplied by amount 3B)					3C
$\$500 \times$ Number of months*		$\div 12$			3D
Amount of late-filing penalty – lesser of amounts 3C or 3D (enter "0" if not applicable)				220	3E

* Number of months is the sum of each month or each part of a month in the period from the filing due date to the actual date filed.

Part 4 – Part III tax

According to subsection 184(2), Part III tax will apply on the excess amount.

Amount by which line 130 exceeds amount 2C, if any	4A
Part III tax – 60% of amount 4A (enter "0" if not applicable)	4B

Note: The corporation may be able to avoid paying Part III tax by filing an election under subsection 184(3), to treat the excess as a separate taxable dividend per Regulation 2106.

Part 5 – Amount of payment accompanying this election

Late-filing penalty – line 220	5A
Part III tax – amount 4B	5B
Amount owing – amount 5A plus amount 5B	5C
Amount of remittance accompanying this election	400

Note: Daily compound interest, at prescribed rates, applies to unpaid amounts, including late-filing penalties.

Part 6 – Election and certification

The corporation hereby elects to have the provisions of subsection 130.1(4) apply for the full amount of the dividend indicated on the previous page. I certify that the information given in this election, and in all documents attached, is true, correct and complete in every respect.

950 _____	954 _____
Name of authorized officer	Position or office
_____	_____
Signature of authorized officer	Date yyyy/mm/dd

Attachments

- If the directors of the corporation are legally entitled to administer the affairs of the corporation, attach a certified copy of their resolution authorizing the election.
- If the directors are not legally so entitled, attach a certified copy of authorization to make the election from the person or persons legally entitled to administer the affairs of the corporation.
- Make your cheque or money order payable to the Receiver General. On the back write T2012, your corporation's name, business number, and tax-year end.

Privacy statement

Personal information is collected under the Income Tax Act to administer tax, benefits, and related programs. It may also be used for any purpose related to the enforcement of the Act such as audit, compliance and collection activities. It may be shared or verified with other federal, provincial, territorial or foreign government institutions to the extent authorized by law. Failure to provide this information may result in interest payable, penalties or other actions. Under the Privacy Act, individuals have the right to access their personal information, request correction, or file a complaint to the Privacy Commissioner of Canada regarding the handling of the individual's personal information. Refer to Personal Information Bank CRA PPU 047 on Info Source at canada.ca/cra-info-source.