



Agreement in Respect of Unpaid Amounts

- For use by a debtor and a creditor to file an agreement under paragraph 78(1)(b) of the *Income Tax Act* in respect of an unpaid amount of a deductible outlay or expense (other than employee remuneration) incurred by the debtor.
- An agreement may be filed where the debtor and the creditor were not dealing at arm's length both at the time the outlay or expense was incurred and at the end of the second tax year of the debtor following that in which it was incurred, and an amount was unpaid at the end of that second tax year. Where such agreement is not filed, the unpaid amount will be included in the debtor's income for the third tax year following that in which the outlay or expense was incurred.
- Mail two completed copies of this agreement, separately from any tax returns, signed by both the debtor and the creditor to the tax centre of the debtor. Find the debtors tax centre's address by going to www.cra.gc.ca/tso.
- The agreement should be filed on or before the date the debtor is required to file an Income Tax return for the third tax year following that in which the outlay or expense was incurred.
- If an agreement is filed after expiration of the period mentioned above, it is valid and **in addition** to the amount agreed to hereunder by the debtor and the creditor, there will be included in the debtor's income for the said third tax year a further amount equal to 25% of the unpaid amount of the debt.
- For additional information refer to Interpretation Bulletin IT-109R2, *Unpaid Amounts*.

Do not use this area

Name of debtor		Social insurance number or Business number
Address		
Name of creditor		Social insurance number or Business number
Address		
Unpaid amount of debt	Tax year of debtor in which debt was incurred (yyyy)	Date of first day of third tax year of the debtor (yyyy-mm-dd)

Agreement

We, _____ Debtor

and _____ Creditor

agree, for the purposes of the *Income Tax Act*,

that the unpaid amount shall be deemed to have been paid by the debtor and received by the creditor on the first day of the third tax year following the tax year in which the outlay or expense was incurred;

that the creditor shall be deemed to have made a loan to the debtor on the first day of the third tax year equal to the amount deemed to have been paid by the debtor, less any tax deducted or withheld therefrom by the debtor on account of the creditor's tax.

Signature of debtor or authorized officer of debtor corporation

Date (yyyy-mm-dd)

Signature of creditor or authorized officer of creditor corporation

Date (yyyy-mm-dd)

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 administration or enforcement of the Act such as audit, compliance and the payment of debts owed to the Crown. It may be shared or verified with other federal, provincial/territorial 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 and request correction if there are errors or omissions. Refer to Info Source at www.cra.gc.ca/gncy/tp/nfsrc/nfsrc-eng.html, Personal Information Banks CRA PPU 005 and 047.