



PART I.3 TAX RETURN – TAX ON LARGE CORPORATIONS

Name of corporation	Account Number / Business Number	Taxation year-end Day Month Year
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- This return is to be used for 1992 and subsequent taxation years by corporations (other than financial institutions and insurance corporations) that have Part I.3 tax payable before the deduction for surtax credits.
- This return includes changes proposed by the Minister of Finance in April and July, 1995. These changes were not law at the time of printing but we are preparing to apply them.
- Subsection 181(3) provides the basis to determine the carrying value of a corporation's assets or any other amount under Part I.3 in respect of its capital, investment allowance, taxable capital or taxable capital employed in Canada or in respect of a partnership in which it has an interest.
- Subsection 181(1) defines the terms "financial institution", "long-term debt" and "reserves".
- No Part I.3 tax is payable for a taxation year by a corporation that was:
 - 1) a non-resident owned investment corporation throughout the year, or
 - 2) a bankrupt (as defined by subsection 128(3)) at the end of the year, or
 - 3) throughout the year a deposit insurance corporation as defined by subsection 137.1(5), or deemed to be a deposit insurance corporation by subsection 137.1(5.1), or
 - 4) throughout the year exempt from tax under section 149 on all of its taxable income, or
 - 5) neither resident in Canada nor carried on business through a permanent establishment in Canada at any time in the year, or
 - 6) throughout the year a corporation described in subsection 136(2) the principal business of which was marketing (including processing incidental to or connected therewith) natural products belonging to or acquired from its members or customers.
- Parts, sections, subsections and paragraphs referred to in this return are those of the *Income Tax Act*.
- **File the completed T2147 with the T2 Corporation Income Tax Return - Form T2 - within six months from the end of the taxation year.**

CALCULATION OF PART I.3 TAX

Complete the following calculation, using the amounts determined on the next pages of this return:

Taxable Capital Employed in Canada for the year (Amount 956 or 965 whichever is applicable)	900	\$ _____
Deduct: Capital Deduction claimed for the year (Enter \$10,000,000 or, for related corporations, the amount allocated on form T2150)	901	\$ _____
Excess (If there is no excess, do not file this return)	913	\$ _____

PART I.3 TAX:

Amount 913	x	$\frac{\text{Number of days in the taxation year before February 28, 1995}}{\text{Number of days in the taxation year}}$	=	_____	x	.002	_____
Amount 913	x	$\frac{\text{Number of days in the taxation year after February 27, 1995}}{\text{Number of days in the taxation year}}$	=	_____	x	.00225	_____
OR						Total	A \$ _____

Where the taxation year of a corporation is less than 51 weeks, calculate the amount of tax payable as follows:

Amount A \$ _____ x $\frac{\text{Number of days in the year ()}}{365}$ = **B** \$ _____

Gross Part I.3 tax (Amount A or B, whichever is applicable)	375	\$ _____
Deduct:		
Surtax Credits Applied:		
Current Year Surtax credit (amount D from page 4) _____		
Unused Surtax credit carried forward from Form T962 _____		
Total (cannot exceed amount 375 above)	905	\$ _____
Net Part I.3 Tax Payable (Enter this amount at line 130 of your T2 return)		\$ _____

Complete the following areas to determine the amounts for the Calculation of Part I.3 Tax on page 1. Where the corporation was not resident in Canada throughout the year and carried on a business through a permanent establishment in Canada, complete the areas beginning with the area entitled "Taxable Capital Employed in Canada - Non-resident Corporation".

CAPITAL

Add the following amounts as at the end of the year:

Capital stock (or members' contributions if incorporated without share capital)	920	\$ _____	
Retained earnings	921	_____	
Contributed Surplus	922	_____	
Any other surpluses	923	_____	
Reserves that have not been deducted in computing income for the year under Part I	924	_____	
Deferred unrealized foreign exchange gains at the end of the year	925	_____	
All loans and advances to the corporation	926	_____	
All indebtedness of the corporation represented by bonds, debentures, notes, mortgages, bankers' acceptances or similar obligations.	927	_____	
Any dividends declared but not paid by the corporation before the end of the year	928	_____	
All other indebtedness (other than any indebtedness in respect of a lease) of the corporation that has been outstanding for more than 365 days before the end of the year.	929	_____	

The proportion of the amount, if any, by which the total of all amounts (that would be determined under **924**, **925**, **926**, **927** and **929** above) in respect of the partnership of which the corporation is a member at the end of the year exceeds the amount of the partnership's deferred unrealized foreign exchange losses at the end of that period (See Note below) **930** _____

Tota \$ _____ \$ _____

Deduct:

Deferred tax debit balance at the end of the year \$ _____

Any amount deducted under subsection 135(1) in computing income under Part I for the year, to the extent that the amount may reasonably be regarded as being included in any of amounts **920** to **930** above _____

Any deficit deducted in computing the shareholders' equity at the end of the year _____

The amount of deferred unrealized foreign exchange losses at the end of the year _____

Total deductions \$ _____ \$ _____

Capital for the year **935** \$ _____

Note :

Amounts **924** to **929** are determined as follows:

- Amounts owing to the member or to corporations that are other members of the partnership are not to be included.
- Amounts are determined as at the end of the last fiscal period of the partnership ending in the year of the corporation.
- All references to "corporation" are to be read as references to "partnership".
- The proportion of the total amounts is determined in accordance with the corporation's share of the partnership's income or loss for the fiscal period of the partnership.

INVESTMENT

A loan or advance to another corporation (other than a financial institution)			
A share of another corporation	940	\$ _____	
Add the carrying value at the end of the year of the following assets of the corporation:	941	_____	
A bond, debenture, note, mortgage, or similar obligation of another corporation (other than a financial institution)	942	_____	
Long-term debt of a financial institution	943	_____	
A dividend receivable on a share of the capital stock of another corporation	944	_____	
A loan or advance to, or a bond, debenture, note, mortgage or similar obligation of, a partnership all of the members of which, throughout the year, were corporations (other than financial institutions) that were not exempt from tax under Part I.3 (otherwise than by reason of paragraph 181.1(3)(d))		_____	
An interest in a partnership (see Note 1 below)		_____	
Investment Allowance for the year	947	\$ _____	

Notes :

- (1) Where the corporation has an interest in a partnership, the carrying value, at the end of the taxation year, of that interest is deemed to be equal to that proportion of the total of the carrying value of each asset of the partnership described in **940** to **944** above, at the end of its last fiscal period ending at or before the end of the year, that the corporation's share of the partnership's income or loss is of the partnership's income or loss for that period.
- (2) A share of the capital stock of, a dividend receivable from, or indebtedness of a corporation that is exempt from Part I.3 tax (otherwise than by reason of paragraph 181.1(3)(d)) is to be excluded from the value of any asset determined in **940** to **944** and Note 1 above.
- (3) Where, in certain circumstances, a trust is used as a conduit for loaning money from a corporation to another related corporation (other than a financial institution), the loan will be considered to have been made directly from the lending corporation to the borrowing corporation.

TAXABLE CAPITAL

Capital for the year (amount 935)	902	\$ _____
Deduct: Investment Allowance for the year (Amount 947)	903	_____
Taxable Capital for the taxation year	351	\$ _____

TAXABLE CAPITAL EMPLOYED IN CANADA - CANADIAN RESIDENT CORPORATION

To be completed by a corporation that was resident in Canada at any time in the year:

Taxable Capital for the Year (351) \times $\frac{\text{Taxable income earned in Canada (see note 1 below)}}{\text{Taxable Income}}$ = Taxable Capital Employed in Canada **956** _____
 (Enter on page 1)

- Notes: 1) Regulation 8601 gives details on calculating the amount of taxable income earned in Canada.
 2) Where a corporation's taxable income for a taxation year is nil it shall, for the purposes of the above calculation, be deemed to have a taxable income for that year of \$1,000.00.
 3) In the case of an airline corporation, Regulation 8601 should be considered when completing the above calculation.

TAXABLE CAPITAL EMPLOYED IN CANADA - NON-RESIDENT CORPORATION

To be completed by a corporation that was not resident in Canada throughout the year and carried on a business through a permanent establishment in Canada.

The total of all amounts each of which is the carrying value at the end of the year of an asset of the corporation used, in the year in, or held in the year in the course of, carrying on any business it carried on during the year through a permanent establishment in Canada \$ _____

Deduct:

The corporation's indebtedness at the end of the year (other than indebtedness described in any of paragraphs 181.2(3)(c) to (f)) that may reasonably be regarded as relating to a business it carried on during the year through a permanent establishment in Canada \$ _____

The total of all amounts each of which is the carrying value at the end of the year of an asset described in subsection 181.2(4) of the corporation that it used in the year in, or held in the year in the course of, carrying on any business it carried on during the year through a permanent establishment in Canada _____

The total of all amounts each of which is the carrying value at the end of the year of an asset of the corporation that is a ship or aircraft the corporation operated in international traffic, or personal property used in its business of transporting passengers or goods by ship or aircraft in international traffic, and that was used or held by the corporation in carrying on any business during the year through a permanent establishment in Canada (if the country in which the corporation is resident imposed neither a capital tax for that year on similar assets, nor a tax on the income from the operation of a ship or aircraft in international traffic, of a corporation resident in Canada during that year) _____

Total deductions \$ _____

Taxable Capital Employed in Canada **965** \$ _____

