



**Cumulative Eligible Capital Deduction
(2016 and later tax years)**

Protected B when completed

Corporation's name	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="border-bottom: 1px solid black; width: 33.33%;"></td> <td style="border-bottom: 1px solid black; width: 33.33%;"></td> <td style="border-bottom: 1px solid black; width: 33.33%;"></td> </tr> </table>	Year	Tax year-end Month	Day			
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- Use this schedule if you have or had eligible capital property in the tax year.
- Effective January 1, 2017, the rules governing eligible capital property (ECP) are replaced by the new Class 14.1 to Schedule II of the *Income Tax Regulations*. Property that would be eligible capital property prior to January 1, 2017, will be depreciable property in the new Class 14.1 after December 31, 2016.
- Prior to 2017, a separate cumulative eligible capital (CEC) account must be kept for each business. Effective January 1, 2017, subsection 1101(1) of the *Income Tax Regulations* provides for a separate Class 14.1 in respect of each business of the taxpayer.
- All legislative references in this form are to the *Income Tax Act* and *Income Tax Regulations*.

Part 1 – Calculation of CEC balance and current year deduction (if applicable)

- For tax years that end on or before December 31, 2016, complete up to amount K and either of the following:
 - If amount K is positive, calculate the CEC deduction for the tax year and the closing balance up to amount M.
 - If amount K is negative, complete Part 2 to calculate the amount to be included in income.
- For a tax year that ends on or after January 1, 2017, and includes December 31, 2016, complete up to amount K and either of the following:
 - If amount K is positive, complete Part 3 to determine the undepreciated capital cost for the new Class 14.1.
 - If amount K is negative, complete Part 2 up to amount S and then complete parts 3 and 4.
- For tax years that start after December 31, 2016, **do not** complete this schedule. Refer to Schedule 8, *Capital Cost Allowance (CCA)*.

Cumulative eligible capital - Balance at the end of the preceding tax year (if negative, enter "0")	200		A
Cost of eligible capital property acquired during the tax year before January 1, 2017	222		
Other adjustments before January 1, 2017	226		
Subtotal (line 222 plus line 226)		× 3/4 =	B
Non-taxable portion of a non-arm's length transferor's gain realized on the transfer of an eligible capital property to the corporation after December 20, 2002 and before January 1, 2017	228	× 1/2 =	C
Subtotal (amount B minus amount C) (if negative, enter "0")			D
Amount transferred on amalgamation or wind-up of subsidiary prior to January 1, 2017	224		E
Subtotal (add amounts A, D, and E)	230		F
Proceeds of sale (less outlays and expenses not otherwise deductible) from the disposition of all eligible capital property during the tax year before January 1, 2017	242		G
The gross amount of a reduction before January 1, 2017, in respect of a forgiven debt obligation as provided for in subsection 80(7)	244		H
Other adjustments before January 1, 2017	246		I
Subtotal (add amounts G, H, and I)		× 3/4 =	248 J
Cumulative eligible capital balance (amount F minus amount J)			K
(if amount K is negative, enter "0" at amount M and proceed to Part 2)			
Cumulative eligible capital for a property no longer owned after ceasing to carry on that business before January 1, 2017	249		
Amount K			
Amount from line 249			
Current year deduction (amount K minus line 249)		× 7% =	250 *
Subtotal (line 249 plus line 250)			L
(enter at line 405 of Schedule 1, <i>Net Income (Loss) for Income Tax Purposes</i>)			
Cumulative eligible capital – Closing balance (amount K minus amount L) (if negative, enter "0")			300 M

* You can claim any amount up to the maximum deduction of 7%. The deduction may not be more than the maximum amount prorated by the number of days in the tax year divided by 365. If your tax year ends after December 31, 2016, and you are using this schedule to calculate your CEC balance as at the beginning of January 1, 2017, you are not entitled to a current year deduction.

Part 2 – Deemed capital gain or amount to be included in income arising from disposition

Complete this part only if amount K in Part 1 is negative.

For all dispositions of eligible capital property before January 1, 2017.

Amount K (enter as a positive amount)		N
Total of cumulative eligible capital (CEC) deductions from income for tax years beginning after June 30, 1988	400	1
Total of all amounts which reduced CEC in the current or previous years under subsection 80(7)	401	2
Total of CEC deductions claimed for tax years beginning before July 1, 1988.	402	3
Negative balances in the CEC account that were included in income for tax years beginning before July 1, 1988	408	4
Subtotal (Amount 3 minus amount 4) (if negative, enter "0")	▶	5
Total of amounts 1, 2, and 5		6
Amounts included in income under paragraph 14(1)(b), as that paragraph applied to tax years ending after June 30, 1988, and before February 28, 2000, to the extent that it is for an amount described at line 400		7
Amounts from line T from Schedule 10 of previous tax years ending after February 27, 2000		8
Subtotal (amount 7 plus amount 8)	409	9
Amount 6 minus amount 9 (if negative, enter "0")		▶ O
Amount N minus amount O (if negative, enter "0")		P
Amount 5	× 1/2 =	Q
Amount P minus amount Q (if negative, enter "0")		R
Amount R	× 2/3 =	S
 For a tax year that ends on or after January 1, 2017, and includes December 31, 2016, proceed to parts 3 and 4.		
For tax years that end before January 1, 2017, complete amounts T and U.		
Amount N or amount O, whichever is less		T
Amount to be included in income (amount S plus amount T)	410	U
(enter on line 108 of Schedule 1)		

Part 3 – Undepreciated capital cost of Class 14.1 at the beginning of January 1, 2017

The cumulative eligible capital (CEC) regime ends December 31, 2016. Starting January 1, 2017, the CEC is replaced with the capital cost allowance rules.

Transitional rules

The CEC pool balances are calculated and transferred to the new class as of January 1, 2017; the opening balance of the class is equal to the balance as of December 31, 2016, in the existing CEC pool.

CEC balance at the beginning of January 1, 2017	420	_____	V	
<small>(Enter amount K if positive. If amount k is negative, enter "0")</small>				
Total CEC deductions applied in prior years that have not been recaptured	425	_____	W	
Subtotal (amount V plus amount W) _____			▶	_____ X
Negative CEC balance (amount N from Part 2)		_____	Y	
Amount S (from part 2)		_____	Z	
Subtotal (amount Y minus amount Z) _____			▶	_____ AA
Subtotal (amount X minus amount AA)(if negative, enter "0") _____				_____ BB
Deemed capital cost of former ECP (amount BB multiplied by 4/3)	435	_____	CC	
Total deemed capital cost of former ECP (amount CC)		_____	DD	
Amount AA		_____	EE	
Subtotal (amount DD plus amount EE) _____			▶	_____ FF
Amount V		_____	GG	
Amount deemed to have been allowed under paragraph 20(1)(a) for Class 14.1	440	_____	HH	
<small>(amount FF minus amount GG)</small>				
Undepreciated capital cost to Schedule 8 (amount DD minus amount HH)	445	_____	II	
<small>If amount II is positive, enter the amount on line 201 of Schedule 8 in respect of Class 14.1.</small>				
<small>If amount II is negative, enter the amount on line 213 of Schedule 8 as a recapture of capital cost allowance.</small>				

Note

For disposition of properties of the new Class 14.1 acquired before January 1, 2017 and disposed after December 31, 2016, refer to subsection 13(38)(b) to determine the cost of each intangible property and establish the resulting cost of the goodwill.

Part 4 – Transitional rules under paragraph 13(38)(d)

Only complete the following if your tax year ends on or after January 1, 2017, and includes December 31, 2016.

There are 2 elections available on this page for the amount calculated at amount S in Part 2 of this schedule:

- Subparagraph 13(38)(d)(iv) election, to defer the deemed capital gain or income inclusion, and have the amounts reported on Schedule 8 at the end of the tax year, (see line 101), and
- Subparagraph 13(38)(d)(iii) election, to report an income inclusion instead of a capital gain, and report the income on Schedule 1, (see line 102).

If neither election is made then a capital gain will need to be reported on Schedule 6, *Summary of Dispositions of Capital Property*, complete amounts 13 to PP.

Election under 13(38)(d)(iv)

Is the corporation electing under subparagraph 13(38)(d)(iv) to defer the deemed capital gain or income inclusion? **101** 1 Yes 2 No

You can only elect if, during the tax year and after December 31, 2016, you acquired property included in Class 14.1, or are deemed by subsection 13(35) to acquire goodwill in respect of the business.

If you answer **yes** at line 101, complete amounts JJ to LL.

If you answer **no** at line 101, proceed to line 102.

Capital cost of goodwill or Class 14.1 property acquired during the tax year and after December 31, 2016 **450** _____ JJ
(Including goodwill)

1/2 of amount JJ **455** _____ 10

Amount S (from part 2) _____ 11

Lesser of amount 10 and amount 11 **460** _____ 12 × 2 = **465** _____ KK

Reduced capital cost of property, goodwill, or Class 14.1 property acquired under clause 13(38)(d)(iv)(B) **470** _____ LL
(amount JJ minus amount KK) (enter amount LL on line 203 of Schedule 8)

Election under 13(38)(d)(iii)

Is the corporation electing subparagraph 13(38)(d)(iii) to report an income inclusion instead of a capital gain? **102** 1 Yes 2 No

If you answer **yes** at line 102, complete amounts MM to OO.

If you answer **no** at line 102, complete amounts 13 to PP.

Amount S (from part 2) _____ MM

Amount 12 (if applicable) _____ NN

Income inclusion under subparagraph 13(38)(d)(iii) (amount MM minus amount NN) **475** _____ OO
(enter amount OO on line 108 of Schedule 1)

Proceeds of disposition

Amount S (from part 2) _____ 13

Amount 12 (if applicable) _____ 14

Proceeds of disposition under subparagraph 13(38)(d)(ii) _____ 15 × 2 = **480** _____ PP
(amount 13 minus amount 14)

Enter amount PP on line 420 in Part 4 of Schedule 6.