



**Newfoundland and Labrador Capital Tax On Financial Institutions
(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;">Tax year-end</td> <td style="text-align: center;">Month</td> <td style="text-align: center;">Day</td> </tr> <tr> <td style="text-align: center;">Year</td> <td style="text-align: center;">Month</td> <td style="text-align: center;">Day</td> </tr> </table> | Tax year-end | Month | Day | Year | Month | Day |
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| Year | Month | Day | | | | | | |

- For use by corporations that are financial institutions with a permanent establishment (as defined in the federal *Income Tax Regulations*) at any time in the tax year in the province of Newfoundland and Labrador, including off-shore areas, and that are liable to pay tax on their capital for tax years starting after October 31, 2008.
- Subsection 66.1(1) of the Newfoundland and Labrador *Income Tax Act* defines the term **financial institution**.
- You have to complete Schedule 38, *Part VI Tax on Capital of Financial Institutions*, in order to complete this schedule. File these two completed schedules with the *T2 Corporation Income Tax Return* within six months of the end of the tax year.

Part 1 – Newfoundland and Labrador taxable capital in excess of capital deduction for the year

| | | |
|--|------------|---|
| Capital for the year (amount from line 190 or 290 of Schedule 38) | 110 | A |
| Deduct: | | |
| Capital deduction claimed for the year* | 120 | B |
| Excess amount (line 110 minus line 120, if negative, enter "0") | | C |

If the corporation has a permanent establishment only in Newfoundland and Labrador, including off-shore areas, enter amount C on line J. Otherwise, complete one of the following calculations (whichever applies):

If the corporation is a loan corporation, a trust corporation, or a trust and loan corporation:

$$\frac{\text{Line 143 plus line 144 of Schedule 5}}{\text{Line 169 of Schedule 5}} = \text{ } \% \text{ D}$$

Amount C _____ x Percentage on line D _____ % = _____ E

Enter amount E on line J.

If the corporation is a bank:

$$\frac{\text{Line 103 plus line 104 of Schedule 5}}{\text{Line 129 of Schedule 5}} = \text{ } \% \text{ F}$$

$$2 \times \frac{\text{(line 143 plus line 144 of Schedule 5)}}{\text{Line 169 of Schedule 5}} = \text{ } \% \text{ G}$$

Add percentages F and G _____ % x 1/3** = _____ % H

Amount C _____ x Percentage on line H _____ % = _____ I

Enter amount I on line J.

Newfoundland and Labrador taxable capital employed in the year (amount C, E, or I, whichever applies) J

Deduct:
Investments in related financial institutions as determined under section 66.4 of the Newfoundland and Labrador *Income Tax Act* **125** K

Newfoundland and Labrador taxable capital in excess of capital deduction for the year **130** L
(amount J **minus** amount K)

* Enter \$5,000,000 or, for related corporations, the amount allocated on Schedule 306, *Newfoundland and Labrador Capital Tax on Financial Institutions – Agreement Among Related Corporations*, if the capital of the corporation (amount A) or the combined capital of the corporation and its related financial institutions is \$10,000,000 or less. Otherwise, enter zero.

** If line 129 of Schedule 5, *Tax Calculation Supplementary – Corporations*, is blank or zero, multiply by 1/2 instead of 1/3. If line 169 of Schedule 5 is blank or zero, multiply by 1 instead of 1/3.

Part 2 – Newfoundland and Labrador capital tax on financial institutions

Amount L _____ × $\frac{\text{Number of days in the tax year before April 1, 2015}}{\text{Number of days in the tax year}}$ × 4% = M

Amount L _____ × $\frac{\text{Number of days in the tax year after March 31, 2015 and before January 1, 2016}}{\text{Number of days in the tax year}}$ × 5% = N

Amount L _____ × $\frac{\text{Number of days in the tax year after December 31, 2015}}{\text{Number of days in the tax year}}$ × 6% = O

For a tax year less than 51 weeks: Subtotal (total of amounts M to O) _____ P

Amount P _____ × $\frac{\text{Number of days in the tax year}}{365}$ = Q

Newfoundland and Labrador capital tax on financial institutions (amount P or amount Q, whichever applies) **150** R

Enter amount R on line 518 of Schedule 5, *Tax Calculation Supplementary – Corporations*. Amount R may be deducted in calculating net income for federal income tax purposes.