



Calculation of Parts IV.1 and VI.1 Taxes (2019 and later tax years)

Corporation's name	Business number	<table style="width: 100%; border-collapse: collapse;"> <tr> <td colspan="3" style="text-align: center; border-bottom: 1px solid black;">Tax year-end</td> </tr> <tr> <td style="width: 33%; border-bottom: 1px solid black; text-align: center;">Year</td> <td style="width: 33%; border-bottom: 1px solid black; text-align: center;">Month</td> <td style="width: 33%; border-bottom: 1px solid black; text-align: center;">Day</td> </tr> <tr> <td style="border-bottom: 1px solid black; text-align: center;"> </td> <td style="border-bottom: 1px solid black; text-align: center;"> </td> <td style="border-bottom: 1px solid black; text-align: center;"> </td> </tr> </table>	Tax year-end			Year	Month	Day			
Tax year-end											
Year	Month	Day									

- Use this schedule to calculate a corporation's Part IV.1 tax for dividends received on taxable preferred shares and taxable restricted financial institution (RFI) shares, and its Part VI.1 tax for dividends paid on short-term preferred shares and taxable preferred shares.
- Use this schedule to elect under subsection 191.2(1) to pay Part VI.1 tax at a rate of 40% on taxable preferred shares. This rate would apply to all future dividends paid on that class or series of shares.
- All legislative references are to the federal Income Tax Act and Income Tax Regulations.
- **Restricted financial institution, taxable RFI share, taxable preferred share, and short-term preferred share** are terms defined in subsection 248(1).
- If Part IV.1 or VI.1 taxes are payable, file one completed copy of this schedule with your T2 Corporation Income Tax Return no later than six months after the end of the tax year. If you are making an election under subsection 191.2(1), see subsection 191.2(1) of the Act for information on the period in which to make the election.
- For corporations without taxable income that have Part IV.1 or VI.1 taxes payable and that have a permanent establishment in more than one jurisdiction, complete only columns A, B, and D in Part 1 of Schedule 5, Tax Calculation Supplementary – Corporations.
- For Part IV.1 tax, an excepted dividend is a dividend as described in section 187.1 and subsections 191(4) and 191(5).
- For Part VI.1 tax, an excluded dividend is a dividend as described in subsections 191(1), 191(4), 191(5), and 191(6).
- For more information, see the T2 Corporation Income Tax Guide.

Part 1 – Dividend allowance

Basic dividend allowance	1A
Taxable dividends (other than excluded dividends) paid in the calendar year immediately preceding the calendar year in which the tax year ended. These dividends are on taxable preferred shares or shares that would be taxable preferred shares if they were issued after June 18, 1987, and were not grandfathered shares (see point 1 in Part 2 below if the corporation is associated)	
.....	1B
.....	1C
Excess (amount 1B minus amount 1C) (if negative, enter "0")	▶ 110
Dividend allowance (amount 1A minus line 110) (if negative, enter "0")	115

Part 2 – Agreement among associated corporations to allocate the dividend allowance

Date filed (do not use this area)	116	<table 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="border-bottom: 1px solid black; text-align: center;"> </td> <td style="border-bottom: 1px solid black; text-align: center;"> </td> <td style="border-bottom: 1px solid black; text-align: center;"> </td> </tr> </table>	Year	Month	Day			
Year	Month	Day						
Is this an amended agreement?	117	<input type="checkbox"/> Yes <input type="checkbox"/> No						
Calendar year to which the agreement applies	118	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: center;">Year</td> </tr> <tr> <td style="border-bottom: 1px solid black; text-align: center;"> </td> </tr> </table>	Year					
Year								

1. Enter the total of non-excluded dividends paid by all associated corporations at amount 1B in Part 1.
2. Allocate the dividend allowance (line 115 above) among associated corporations in column 140, as shown below.
3. Apply the special rules provided under paragraph 191.1(6)(b) if a corporation has two or more tax years ending in the same calendar year during which it is associated with another taxable Canadian corporation that has a tax year ending in that calendar year.
4. If an associated corporation has more than one tax year ending in a calendar year, it has to file an agreement for each of these tax years.
5. Attach additional schedules if more space is needed.

Allocation of dividend allowance

Name of each associated corporation 120	Business number (If a corporation is not registered, enter "NR") 130	Dividend allowance allocated 140
Total (cannot be more than amount on line 115)		

Part 3 – Part VI.1 tax payable

Complete the calculation of the dividend allowance in Part 1.

Dividend allowance: amount on line 115 (from Part 1) or, if associated, the total amount allocated on line 140 (from Part 2) . . . **210** _____

Note: If the tax year is less than 51 weeks, prorate the dividend allowance based on the number of days in the tax year divided by 365. Enter this amount on line 210 instead of the amount from line 115 or 140.

1. Taxable dividends (other than excluded dividends) paid by the corporation in the year on short-term preferred shares **220** _____

Line 210 or 220, whichever is less 3A _____

Line 220 **minus** amount 3A 3B × 40% = _____ 3C

2. Taxable dividends (other than excluded dividends) paid by the corporation in the year on taxable preferred shares (other than short-term preferred shares) of all classes for which the corporation **is** making an election under subsection 191.2(1) **230** _____

Dividend allowance (line 210) 3D _____

Amount 3A 3E _____

Net amount (amount 3D **minus** amount 3E) 3F _____

Line 230 or amount 3F, whichever is less 3G _____

Line 230 **minus** amount 3G 3H × 40% = _____ 3I

3. Taxable dividends (other than excluded dividends) paid by the corporation in the year on taxable preferred shares (other than short-term preferred shares) of all classes for which the corporation is **not** making an election under subsection 191.2(1) **240** _____

Dividend allowance (line 210) 3J _____

Amount 3A 3K _____

Amount 3G 3L _____

Subtotal (amount 3K **plus** amount 3L) 3M _____

Net amount (amount 3J **minus** amount 3M) 3N _____

Line 240 or amount 3N, whichever is less 3O _____

Line 240 **minus** amount 3O 3P × 25% = _____ 3Q

4. Complete this calculation if the corporation has made an agreement under section 191.3 to pay all or part of a related corporation's Part VI.1 tax otherwise payable for the year (complete and file Schedule 45).

Part VI.1 tax transferred from a related corporation **250** _____

Subtotal (**add** amounts 3C, 3I, 3Q, and line 250) _____ 3R

Part VI.1 tax transferred to a related corporation **260** _____

Part VI.1 tax payable (amount 3R **minus** line 260) **270** _____

Enter amount from line 270 on line 724 of the T2 return.

Note: Part VI.1 tax payable has the same instalment requirements and balance due date as Part I tax payable.

Part 4 – Part IV.1 tax payable

This tax does not apply to dividends received by financial intermediary corporations or corporations that were private corporations at the time the dividends were received. Part IV.1 tax applies only if the dividend in question was deductible under section 112 or 113 or under subsection 138(6) or 115(1). Part IV.1 tax payable is due on or before the balance due date of the corporation or the restricted financial institution for a tax year.

Taxable dividends (other than excepted dividends) received in the year on taxable preferred shares [other than a share of a class for which the corporation has made an election under subsection 191.2(1)] **310** _____

Taxable dividends (other than excepted dividends) received in the year by a restricted financial institution on taxable RFI shares (see section 187.3) **320** _____

Total taxable dividends subject to Part IV.1 tax (line 310 **plus** line 320) **330** _____

Part IV.1 tax payable (line 330 **multiplied** by 10%) **340** _____

Enter amount from line 340 on line 716 of the T2 return.

Part IV tax reduction

Portion of taxable dividends included on line 330 that is also subject to Part IV tax **350** _____

Portion of taxable dividends included on line 350 received from connected corporations **370** _____

Part IV tax on taxable dividends reported on line 370 **380** _____ × 30% = _____ 4A

Enter amount 4A at amount 2F of Schedule 3, Dividends Received, Taxable Dividends Paid, and Part IV Tax Calculations.

Portion of taxable dividends included on line 350 received from non-connected corporations **390** _____ × 10% = _____ 4B

Reduction of Part IV tax otherwise payable (amount 4A **plus** amount 4B) **360** _____

Enter amount from line 360 on line 320 of Schedule 3.

Eligible taxable dividends included on line 390 **400** _____ × 10% = _____ 4C

Enter amount 4C at amount 2I of Schedule 3.

Part IV tax reduction of non-eligible taxable dividends received from non-connected corporations (amount 4B **minus** amount 4C) _____ 4D

Enter amount 4D at amount T of the T2 return.