

## Part II – Tobacco Manufacturers' Surtax (2017 and later tax years)

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;">Year</td> <td style="text-align: center;">Month</td> <td style="text-align: center;">Day</td> </tr> <tr> <td style="text-align: center;"> </td> <td style="text-align: center;"> </td> <td style="text-align: center;"> </td> <td style="text-align: center;"> </td> </tr> </table>	Tax year-end	Year	Month	Day				
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- Use this schedule to report the tobacco manufacturers' surtax.
- The tobacco manufacturers' surtax is **eliminated** for tax years that begin after March 22, 2017.
- If your tax year includes March 22, 2017, the surtax is prorated based on the number of days in the tax year before March 23, 2017, **divided by** the number of days in the tax year.
- Tobacco manufacturing is any activity, other than an exempt activity as defined in subsection 182(2) of the *Income Tax Act*, relating to the manufacture or processing in Canada of tobacco or tobacco products in or into any form that is, or would after any further activity become, suitable for smoking.
- Do not file this schedule if your corporation is a Canadian-controlled private corporation and the total of your income from active businesses (before deducting its losses from active businesses) is less than your business limit.
- File this schedule with your *T2 Corporation Income Tax Return* within six months from the end of the tax year.

### Surtax calculation

$$\left( \left[ \begin{matrix} 100 \\ \text{_____} \end{matrix} \times \begin{matrix} 105 \\ 110 \\ \text{_____} \end{matrix} \right] - \begin{matrix} 115 \\ \text{_____} \end{matrix} \right) \times 21\% = \text{_____ A}$$
  

$$\text{Amount A } \text{_____} \times \frac{\text{Number of days in the tax year before March 23, 2017}}{\text{Number of days in the tax year}} = \begin{matrix} B \\ \text{_____} \end{matrix} \times 50\% = \begin{matrix} 120 \\ \text{_____} \end{matrix} \text{ C}$$

#### Line information:

- 100** Corporation's Canadian manufacturing and processing profits for the year as calculated in part 2 of schedule 27, except when a corporation has a loss from active business other than tobacco manufacturing. If the corporation's loss from active business other than tobacco manufacturing exceeds income from active business other than tobacco manufacturing, the excess must be added back to determine the adjusted business income.
- 105** Total of a corporation's tobacco manufacturing capital and tobacco labour cost for the year. These two amounts can be calculated on Schedule 27. The amounts are calculated in the same manner as manufacturing and processing capital (Part 5) and manufacturing and processing labour (Part 7), but replace the term manufacturing or processing with tobacco manufacturing in the definition of **qualified activities**.
- 110** Total of a corporation's cost of manufacturing and processing capital (MC) for the year and the cost of manufacturing and processing labour (ML) for the year. These two amounts are calculated on Schedule 27.
- 115** Corporation's business limit for the year. If your corporation is not a Canadian-controlled private corporation, this amount is nil.
- A** Part I – tax on tobacco manufacturing profit.
- 120** Part II – tobacco manufacturers' surtax payable.  
Enter this amount at line 708 of your T2 return.