Canada Revenue Agency | Agence du revenu du Canada

Schedule 49
Code 1901

Agreement Among Associated Canadian-Controlled Private Corporations to Allocate the Expenditure Limit (2019 and later tax years)

Protected B when completed

- Use this schedule to allocate the annual expenditure limit among associated Canadian-controlled private corporations (CCPCs), (subsection 127(10.2) of the Income Tax Act), in order to calculate the investment tax credit eligible for the 35% rate on qualifying scientific research and experimental development expenditures.
- An associated CCPC that has more than one tax year ending in a calendar year is required to file an agreement for each tax year ending in that calendar year.

Column 1: Enter the legal name of each corporation in the associated group, including CCPCs and non-CCPCs. Do not include corporations deemed not to be associated under subsection 127(10.22) of the Income Tax Act.

Column 2: Provide the business number for each corporation listed in column 1 (if a corporation is not registered, enter "NR").

Column 3: Enter "1" for CCPCs or "2" for non-CCPCs that applies for each corporation identified in columns 1 and 2.

Column 4: Enter the amount of the expenditure limit allocated to each corporation that has type of corporation code 1 in column 3. The rules for determining the expenditure limit that can be allocated (subsection 127(10.2) of the Income Tax Act) are explained below.

Allocating the expenditure limit

Date filed (do not use this area) .... **025** Year | Month | Day

Enter the calendar year to which the agreement applies .... **050** Year

Is this an amended agreement for the above-noted calendar year that is intended to replace an agreement previously filed by any of the associated corporations listed below? .... **075** 1 Yes ☐ 2 No ☐

	1 Names of associated corporations **100**	2 Business number of associated corporations **200**	3 Type of corporation code **300**	4 Expenditure limit allocated* $ **400**
1.				
2.				
3.				
4.				
5.				

The expenditure limit (cannot be more than $3,000,000) **410** ______

The expenditure limit is calculated as follows:

A = the greater of:
- $500,000; and
- the total of all taxable income (before applying specified future tax consequences, including any loss carrybacks) of all associated corporations identified in columns 1 and 2 for their last tax years** ending in the previous calendar year.

B = the total of all taxable capital employed in Canada of all associated corporations for their last tax year ending in the previous calendar year minus $10 million. If this amount is negative, enter "0". If this amount is over $40 million, enter $40 million.

Amount A **425** ______ Amount B **495** ______

For tax years ending before March 19, 2019

($8,000,000 **minus** 10A) × [($40,000,000 **minus** B) **divided by** $40,000,000)]

For tax years ending after March 18, 2019

($3,000,000) × [($40,000,000 **minus** B) **divided by** $40,000,000)]

* The expenditure limit allocated to a particular corporation cannot be more than the amount calculated under subsection 127(10.2) for that corporation's tax year ending in the calendar year. Special rules apply if a CCPC has more than one tax year ending in a calendar year and is associated in more than one of those years with another CCPC that has a tax year ending in the same calendar year. In this case, the expenditure limit for the second (and subsequent) tax year(s) will be equal to the expenditure limit allocated for the first tax year ending in the calendar year.

** If any of the tax years referred to in A above are less than 51 weeks, gross up the taxable incomes for those tax years by the ratio that 365 is of the number of days in those tax years. Use these grossed up amounts when calculating the expenditure limit.

(Ce formulaire est disponible en français.)

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