



Income Inclusion for Corporations that are Members of Multi-Tier Partnerships (2019 and later tax years)

Corporation's name	Business number	<table style="width: 100%; border-collapse: collapse;"> <tr> <th colspan="3" style="text-align: center; padding: 2px;">Tax year-end</th> </tr> <tr> <th style="text-align: center; padding: 2px;">Year</th> <th style="text-align: center; padding: 2px;">Month</th> <th style="text-align: center; padding: 2px;">Day</th> </tr> <tr> <td style="text-align: center; border-bottom: 1px solid black; width: 33.33%;"></td> <td style="text-align: center; border-bottom: 1px solid black; width: 33.33%;"></td> <td style="text-align: center; border-bottom: 1px solid black; width: 33.33%;"></td> </tr> </table>	Tax year-end			Year	Month	Day			
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- If the corporation is a member of a **multi-tier partnership** that has a fiscal period-end that differs from the corporation tax year-end, use this schedule to determine the corporation's income inclusion in respect of the partnership for the tax year under sections 34.2 and 34.3. A corporation that is a member of a partnership that changed its structure from multi-tier to single-tier should continue calculating its income inclusion under sections 34.2 and 34.3 using Schedule 72. Complete a separate schedule for each partnership.
- Complete Part 2 of this schedule to calculate the **adjusted stub period accrual (ASPA)** in respect of multi-tier partnerships if **all** of the following conditions apply:
 - the corporation has a **significant interest** in the partnership at the end of the last fiscal period of the partnership that ends in the tax year
 - another fiscal period of the partnership starts in the tax year and ends after the tax year of the corporation
 - at the end of the tax year, the corporation is entitled to a share of the income, loss, taxable capital gain, or allowable capital loss of the partnership for the fiscal period that ends after the end of the tax year
 - the corporation is **not** a professional corporation
- **Significant interest** means that the corporation, or the corporation together with one or more persons or partnerships related to or affiliated with the corporation, is entitled to **more than 10%** of the income or loss of the partnership or **more than 10%** of the assets (net of liabilities) of the partnership if it were to cease to exist.
- Generally, amounts included or claimed under subsections 34.2(2), 34.2(3), and 34.2(4) are deemed to have the **same character** and be in the **same proportions** as the partnership income to which they relate. For example, if a corporation receives \$100,000 of partnership income for the partnership's fiscal period ending in its tax year, and that income is made up of \$40,000 of active business income, \$30,000 of income from property and \$30,000 as a taxable capital gain, the corporation's ASPA for the partnership would be 40% active business income, 30% property income and 30% taxable capital gains.
- Section 34.2 does not apply when calculating, for a tax year of a foreign affiliate of a corporation resident in Canada, the affiliate's foreign accrual property income for the corporation and, generally, the affiliate's exempt surplus or exempt deficit, hybrid surplus or hybrid deficit, and taxable surplus or taxable deficit, for the corporation. See subsection 34.2(8).
- All legislative references are to the Income Tax Act and Income Tax Regulations. This schedule does not replace the Act and its regulations.
- This schedule is a worksheet only. You do not have to file it with your T2 Corporation Income Tax Return.
- Report on Schedule 73, Income Inclusion Summary for Corporations that Are Members of Partnerships, the amounts calculated on this schedule. File Schedule 73 with the corporation's T2 return.

Part 1 – Partnership information

Partnership's name																				
Partnership's account number: <table style="display: inline-table; border-collapse: collapse;"> <tr> <td style="border: 1px solid black; width: 15px; height: 15px;"></td> <td style="border: 1px solid black; width: 15px; height: 15px;"></td> <td style="border: 1px solid black; width: 15px; height: 15px;"></td> <td style="border: 1px solid black; width: 15px; height: 15px;"></td> <td style="border: 1px solid black; width: 15px; height: 15px;"></td> <td style="border: 1px solid black; width: 15px; height: 15px;"></td> <td style="border: 1px solid black; width: 15px; height: 15px;"></td> <td style="border: 1px solid black; width: 15px; height: 15px;"></td> <td style="border: 1px solid black; width: 15px; height: 15px;"></td> <td style="border: 1px solid black; width: 15px; height: 15px;"></td> <td style="border: 1px solid black; width: 15px; height: 15px;"></td> <td style="border: 1px solid black; width: 15px; height: 15px;"></td> <td style="border: 1px solid black; width: 15px; height: 15px;"></td> <td style="border: 1px solid black; width: 15px; height: 15px;"></td> <td style="border: 1px solid black; width: 15px; height: 15px;"></td> <td style="border: 1px solid black; width: 15px; height: 15px;"></td> <td style="border: 1px solid black; width: 15px; height: 15px;"></td> <td style="border: 1px solid black; width: 15px; height: 15px;"></td> <td style="border: 1px solid black; width: 15px; height: 15px;"></td> <td style="border: 1px solid black; width: 15px; height: 15px;"></td> </tr> </table>																				
The start and end dates of the fiscal period of the partnership: <table style="display: inline-table; margin-left: 20px; border-collapse: collapse;"> <tr> <th colspan="3" style="text-align: center; padding: 2px;">Fiscal period-start</th> <th colspan="3" style="text-align: center; padding: 2px;">Fiscal period-end</th> </tr> <tr> <th style="text-align: center; padding: 2px;">Year</th> <th style="text-align: center; padding: 2px;">Month</th> <th style="text-align: center; padding: 2px;">Day</th> <th style="text-align: center; padding: 2px;">Year</th> <th style="text-align: center; padding: 2px;">Month</th> <th style="text-align: center; padding: 2px;">Day</th> </tr> <tr> <td style="text-align: center; border-bottom: 1px solid black; width: 33.33%;"></td> <td style="text-align: center; border-bottom: 1px solid black; width: 33.33%;"></td> <td style="text-align: center; border-bottom: 1px solid black; width: 33.33%;"></td> <td style="text-align: center; border-bottom: 1px solid black; width: 33.33%;"></td> <td style="text-align: center; border-bottom: 1px solid black; width: 33.33%;"></td> <td style="text-align: center; border-bottom: 1px solid black; width: 33.33%;"></td> </tr> </table>	Fiscal period-start			Fiscal period-end			Year	Month	Day	Year	Month	Day								
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Part 2 – Adjusted stub period accrual (ASPA)

A corporation's ASPA in respect of a partnership gives an estimate of the income that the corporation is deferring during a stub period as a result of its membership in a partnership that has a fiscal period that differs from the corporation's tax year. Where the last fiscal period of the partnership begins in the corporation's tax year and ends after that tax year, the **stub period** is normally the period from the start of that fiscal period to the end of the corporation's tax year.

If the corporation becomes a member of a partnership during a fiscal period of the partnership, see Part 3.

Corporation's share of income of the partnership for the fiscal period(s) (note 1) that end(s) in the tax year of the corporation (other than dividends for which a deduction is available under section 112 or 113)	2A		
Corporation's share of loss of the partnership for the fiscal period(s) (note 1) that end(s) in the tax year of the corporation	2B		
Subtotal (amount 2A minus amount 2B)		▶	2C
Corporation's share of taxable capital gain of the partnership for the fiscal period(s) (note 1) that end(s) in the tax year of the corporation	2D		
Corporation's share of allowable capital loss of the partnership for the fiscal period(s) (note 1) that end(s) in the tax year of the corporation (cannot be more than amount 2D)	2E		
Subtotal (amount 2D minus amount 2E)		▶	2F
	Subtotal (amount 2C plus amount 2F)		2G
Number of days that are in both the corporation's tax year and the fiscal period of the partnership that starts in the corporation's tax year and ends after the tax year (the stub period)	=	2H	
Number of days in the fiscal period(s) of the partnership that end(s) in the corporation's tax year (note 2)			
	Stub period accrual (amount 2G multiplied by amount 2H)		2I

Enter amount 2I in column 1 of Schedule 73 (if negative, enter "0").

Designated qualified resource expenses [subsections 66.1(6), 66.2(5), 66.21(1), and 66.4(5)] (note 3) for the stub period	2J		
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Enter amount 2J in column 2 of Schedule 73

Discretionary amount designated by the corporation (note 4)	2K		
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Enter amount 2K in column 3 of Schedule 73.

	Subtotal (amount 2J plus amount 2K)	▶	2L
ASPA for the tax year (amount 2I minus amount 2L) (if negative, enter "0")			2M

Note 1. The corporation can have more than one fiscal period of the partnership that ends in its tax year. Enter the income or loss allocated to the corporation for all of the fiscal periods.

Note 2. The number of days could be more than 365 if there is more than one fiscal period of the partnership that ends in the corporation's tax year.

Note 3. Subsection 34.2(6) gives the designated amount for qualified resource expenses. Once filed, the designation cannot be amended or revoked. The corporation can designate an amount as its qualified resource expense for the stub period in respect of a partnership to the extent the corporation gets in writing from the partnership, before the corporation's filing due date for the tax year for which the ASPA is being calculated, information identifying the relevant expenses. The relevant expenses are those identified by the partnership as being the corporation's qualified resource expenses incurred by the partnership, determined as if those expenses had been incurred by the partnership in its last fiscal period that ended in the tax year (that is, based on the corporation's share for the last fiscal period, and not at the end of the tax year). The amount designated cannot be more than the maximum amount that would be deductible by the corporation for the identified resource expenses under sections 66.1, 66.2, 66.21, and 66.4 in calculating its income if the partnership's fiscal period ended at the end of the corporation's tax year.

Note 4. The corporation can designate an amount (other than an amount included at amount 2J) on its T2 Corporation Income Tax Return filed on or before the corporation's filing due date. Once filed, the designation cannot be amended or revoked. The corporation may have to include in its income an **income shortfall adjustment** to account for under-reported income when the corporation has made a discretionary designation to reduce the ASPA inclusion for a previous tax year. For the calculation of the income shortfall adjustment, see Part 4.

Part 3 – Income inclusion for a new corporate member of a partnership

If the corporation (other than a professional corporation) becomes a member of a partnership during a fiscal period of the partnership (the **particular period**) that starts in the corporation's tax year and ends after the tax year, but on or before the filing due date for that year, and the corporation has a significant interest in the partnership at the end of the particular period, the corporation may include in calculating the income for the tax year in respect of the partnership the lesser of:

Amount, if any, designated by the corporation		3A
and		
Corporation's income from the partnership for the particular period (other than dividends for which a deduction is available under section 112 or 113)		3B
Number of days that are in both the corporation's tax year and the particular period	=	3C
Number of days in the particular period		
Subtotal (amount 3B multiplied by amount 3C)	▶	3D
Income inclusion for a new corporate member of a partnership for the tax year (amount 3A or amount 3D, whichever is less) (if negative, enter "0")		3E

Enter amount 3E in column 6 of Schedule 73.

Part 4 – Income shortfall adjustment

Complete this part only if the corporation designated a discretionary amount at amount 2K in Part 2 of the **base year's** Schedule 72* for any **qualifying partnership** the corporation is a member of. Section 34.3 may require a corporate partner of a partnership for a tax year to include in its income an **income shortfall adjustment** to account for under-reported income.

The **base year** is the preceding tax year of the corporation in which began the fiscal period of the qualifying partnership that ends in the corporation tax year.

If the corporate partner is a member of more than one **qualifying partnership**, the corporation can, in determining its income inclusion under section 34.3 for a tax year, offset an over-reported ASPA in respect of a qualifying partnership against an under-reported ASPA of another qualifying partnership.

A **qualifying partnership** is a partnership that has a fiscal period that began in the preceding tax year and ended in the tax year, and in respect of which the corporation had to calculate an ASPA for the preceding tax year in which the fiscal period of the partnership began.

The **actual stub period accrual** is the recalculation of the ASPA in respect of a fiscal period of a partnership based on the pro-rated part of actual partnership income allocated to the corporation for the last fiscal period of the partnership that began in the base year.

Corporation's share of income of the qualifying partnership for the last fiscal period that began in the base year (other than dividends for which a deduction was available under section 112 or 113) ...		4A
Corporation's share of loss of the qualifying partnership for the last fiscal period that began in the base year		4B
Subtotal (amount 4A minus amount 4B)	▶	4C
Corporation's share of taxable capital gain (note 5) of the qualifying partnership for the last fiscal period that began in the base year		4D
Corporation's share of allowable capital loss (note 5) of the qualifying partnership for the last fiscal period that began in the base year (cannot be more than amount 4D)		4E
Subtotal (amount 4D minus amount 4E)	▶	4F
Subtotal (amount 4C plus amount 4F)		4G
Number of days that are in both the base year and the fiscal period of the partnership	=	4H
Number of days in the fiscal period of the partnership		
Subtotal (amount 4G multiplied by amount 4H)		4I
Amount of the qualified resource expense [subsections 66.1(6), 66.2(5), 66.21(1), and 66.4(5)] in respect of the qualifying partnership that was designated by the corporate partner for the base year (amount 2J from Part 2 of the base year's Schedule 72**)		4J
Actual stub period accrual in respect of the qualifying partnership (amount 4I minus amount 4J)		4K

* In pre-2019 versions of Schedule 72, this amount appeared at amount u of Part 3.

** In pre-2019 versions of Schedule 72, this amount appeared at amount t of Part 3.

Note 5. In calculating the actual stub period accrual to determine the income inclusion, the corporation can offset all or part of the allowable capital losses from one qualifying partnership against all or part of the taxable capital gains from another qualifying partnership.

Part 4 – Income shortfall adjustment (continued)

ASPA from the base year (amount 2M from Part 2 of Schedule 72* for the base year)	_____	4L
Discretionary amount designated from the base year (amount 2K from Part 2 of Schedule 72** for the base year)	_____	4M
Subtotal (amount 4L plus amount 4M) (if negative, enter "0")	=====	4N
Base amount (amount 4K or amount 4N, whichever is less)	_____	4O
Subtotal (amount 4O minus amount 4L) (this amount can be positive or negative)	=====	4P
Number of days in the period that starts after the day on which the base year ends, and ends on the day on which the tax year ends	=====	4Q
Subtotal (amount 4P multiplied by amount 4Q)	=====	4R
Enter the average daily rate of interest determined by reference to the prescribed rate of interest under paragraph 4301(a) of the Income Tax Regulations for the period referred to at amount 4Q	=====	4S
Income shortfall adjustment (amount 4R multiplied by amount 4S)	=====	4T
Enter amount 4T in column 9 of Schedule 73.		
Base amount 4O multiplied by amount 4Q	=====	4U
Amount 4U multiplied by amount 4S	=====	4V
Threshold amount (25% of amount 4V) (if negative, enter "0")	=====	4W
Enter amount 4W in column 10 of Schedule 73.		

* In pre-2019 versions of Schedule 72, this amount appeared at amount V of Part 3.
 ** In pre-2019 versions of Schedule 72, this amount appeared at amount u of Part 3.