

## FORWARD-AVERAGING TAX CALCULATION – DECEASED INDIVIDUALS

Use this form if you are the legal representative of a deceased person who had an accumulated-averaging amount at the end of the year of death as defined by subsection 110.4(8) of the *Income Tax Act*.

To calculate the forward-averaging tax credit, use this form and Form T581, *Forward Averaging Tax Credits for 1997*.

Attach a copy of this form to the deceased person's final return. For information about the filing due date, see the income tax guide called *Preparing Returns for Deceased Persons*.

### Step 1 – Accumulated-averaging amount at the end of the year of death

Accumulated-averaging amount at the end of the year before the year of death		1
Any part of line 1 included in taxable income for the year of death (line 7 of Form T581)	-	2
Line 1 minus line 2	=	3

### Step 2 – Revised taxable income

	1996	1995	1994	
Taxable income assessed				4
<b>Add to each year:</b> 1/3 of line 3	+	+	+	5
Revised taxable income	=	=	=	6

### Step 3 – Net federal tax on respective taxable incomes

To calculate federal tax in this section, use Schedule 1 of the *General Income Tax Return* for the year that applies.

	1996	1995	1994	
<b>Revised taxable income</b> from line 6				
Total federal tax on revised taxable income				
Total non-refundable tax credits	-	-	-	
<b>Net federal tax on revised taxable income</b>	=	+	+	7
<b>Taxable income assessed</b> from line 4				
Total federal tax on taxable income assessed				
Total non-refundable tax credits	-	-	-	
<b>Net federal tax on taxable income assessed</b>	=	+	+	8
Line 7 minus line 8				9

### Step 4 – Net federal tax at the end of the year of death

Enter the federal tax before the federal individual surtax from line 417 of the deceased person's final return		10
Enter the amount from line 9 *	+	11
Add line 10 and line 11	=	12
Add line 9 (above) to line 31 of Schedule 1. Calculate the federal individual surtax on that schedule. Enter the result	+	13
Add line 12 and line 13. Enter the result on line 420 of the return	=	14

\* If the deceased person was a **deemed resident of Canada**, increase the amount from line 9 by 52%.

### Refundable Quebec abatement

If the deceased person was a Quebec resident, complete this calculation and add the result to the amount on line 440 of the return.

Enter the amount from line 9  x 16.5% =

### Step 5 – Provincial and territorial tax at the end of the year of death

Provincial and territorial tax rates					
Newfoundland	69%	Ontario	48%	British Columbia	51%
Prince Edward Island	59.5%	Manitoba	52%	Yukon Territory	50%
Nova Scotia	58.5%	Saskatchewan	50%	Northwest Territories	45%
New Brunswick	63%	Alberta	45.5%		

Using the table above, determine the tax rate that applies to the province or territory of residence on the date of death. Complete the calculation below.

Enter the amount from line 9		15
Enter the tax rate for the province or territory of residence on the date of death	x	16
Multiply line 15 by the percentage on line 16	=	17
Calculate the provincial or territorial taxes as shown on the back of this form, and enter the result here	+	18
Add line 17 and line 18. Enter the result on line 428 of the deceased person's final return	=	19

## Step 5 – Provincial and territorial tax at the end of the year of death (continued)

### Manitoba, Saskatchewan, Alberta, and the Northwest Territories

To calculate the provincial or territorial taxes, use the Form T1C or Form T1C-TC that applies. Enter the result on line 18 on the front of this form.

#### Newfoundland

Basic Newfoundland income tax: Multiply basic federal tax (line 26 of Schedule 1) by 69% .....	_____		_____	20
Add line 17 and line 20, and enter the result here .....	_____		_____	
Enter the amount from line 16 from Form T581 .....	_____		_____	21
Newfoundland surtax: (line 21 _____) minus \$7,900) x 10% = .....	_____		_____	22
Adjusted Newfoundland income tax: Add line 20 and line 22 .....	_____		_____	23
Enter any provincial foreign tax credit you calculated on Form T2036 .....	_____		_____	24
Newfoundland tax: Line 23 minus line 24. Enter the result on line 18 on the front of this form .....	_____		_____	25

#### Prince Edward Island

Basic Prince Edward Island income tax: Multiply basic federal tax (line 26 of Schedule 1) by 59.5% .....	_____		_____	26
Add line 17 and line 26, and enter the result here .....	_____		_____	
Enter the amount from line 16 of Form T581 .....	_____		_____	27
Prince Edward Island surtax: (line 27 _____) minus \$5,200) x 10% = .....	_____		_____	28
Adjusted Prince Edward Island income tax: Add line 26 and line 28 .....	_____		_____	29
Enter any provincial foreign tax credit you calculated on Form T2036 .....	_____		_____	30
Prince Edward Island tax: Line 29 minus line 30. Enter the result on line 18 on the front of this form .....	_____		_____	31

#### Nova Scotia

Basic Nova Scotia income tax: Multiply basic federal tax (line 26 of Schedule 1) by 58.5% .....	_____		_____	32
Add line 17 and line 32, and enter the result here .....	_____		_____	
Enter the amount from line 16 of Form T581 .....	_____		_____	33
Nova Scotia surtax: (line 33 _____) minus \$10,000) x 10% = .....	_____		_____	34
Adjusted Nova Scotia income tax: Add line 32 and line 34. Enter the result on line 5 of Form T1C (N.S.) TC .....	_____		_____	35

To complete the calculation of Nova Scotia tax, use Form T1C (N.S.) TC. Enter the result on line 18 on the front of this form.

#### New Brunswick

Basic New Brunswick income tax: Multiply basic federal tax (line 26 of Schedule 1) by 63% .....	_____		_____	36
Add line 17 and line 36, and enter the result here .....	_____		_____	
Enter the amount from line 16 of Form T581 .....	_____		_____	37
New Brunswick surtax: (line 37 _____) minus \$13,500) x 8% = .....	_____		_____	38
Adjusted New Brunswick income tax: Add line 36 and line 38 .....	_____		_____	39
Enter any provincial foreign tax credit you calculated on Form T2036 .....	_____		_____	40
New Brunswick tax: Line 39 minus line 40. Enter the result on line 18 on the front of this form .....	_____		_____	41

#### Ontario

Basic Ontario tax: Multiply basic federal tax (line 26 of Schedule 1) by 48% .....	_____		_____	42
Add line 17 and line 42, and enter the result here .....	_____		_____	
Enter the amount from line 16 of Form T581 .....	_____		_____	43
Ontario Fair Share Health Care Levy: (line 43 _____) minus \$4,555) x 20% .....	_____		_____	44
(line 43 _____) minus \$6,180) x 26% = .....	_____		_____	45
Adjusted Ontario tax: Add lines 42, 44, and 45. Enter the result on line 7 of Form T1C (ONT.) .....	_____		_____	46

To complete the calculation of Ontario tax, use Form T1C (ONT.) TC. Enter the result on line 18 on the front of this form.

#### British Columbia

Basic British Columbia income tax: Multiply basic federal tax (line 26 of Schedule 1) by 51% .....	_____		_____	47
Enter any provincial foreign tax credit you calculated on Form T2036 .....	_____		_____	48
Adjusted British Columbia income tax: Line 47 minus line 48. Enter the result on line 5 of Form T1C (B.C.) TC .....	_____		_____	49
Add line 17 and line 49, and enter the result here .....	_____		_____	
Enter the amount from line 16 of Form T581 .....	_____		_____	50
British Columbia surtax: (line 50 _____) minus \$5,300) x 30% = .....	_____		_____	51
(line 50 _____) minus \$8,745) x 24.5% = .....	_____		_____	52
Add line 51 and line 52. Enter the result on line 8 of Form T1C (B.C.) TC .....	_____		_____	53

To complete the calculation of British Columbia tax, use Form T1C (B.C.) TC. Enter the result on line 18 on the front of this form.

#### Yukon Territory

Basic Yukon Territory tax: Multiply basic federal tax (line 26 of Schedule 1) by 50% .....	_____		_____	54
Add line 17 and line 54, and enter the result here .....	_____		_____	
Enter the amount from line 16 of Form T581 .....	_____		_____	55
Yukon Territory surtax: (line 55 _____) minus \$6,000) x 5% = .....	_____		_____	56
Adjusted Yukon Territory tax: Add line 54 and line 56 .....	_____		_____	57
Enter any territorial foreign tax credit you calculated on Form T2036 .....	_____		_____	58
Yukon Territory tax: Line 57 minus line 58. Enter the result on line 18 on the front of this form .....	_____		_____	59