

Index

Note: All index references are to sections of the book.

A

Accelerated Canadian development expenses (ACDE), *see Resource taxation*

Accelerated Canadian oil and gas property expenses (ACOGPE), *see Resource taxation*

Accelerated Investment Incentive (AII), 5015

Accelerated Investment Incentive Property (AIIIP), 5010

Accounting standards, tax, 15000

Accounting tax provisions, *see Tax provisions*

Accurate picture of a taxpayer's profit (ITA 9(1)), 2010

Acquisition of control (AOC), 3400

- allowable business investment losses, and, 3401
- avoidance rules, 3402
- deemed year-end, 3405
- foreign currency debt, gain or loss, 3420
- loss streaming rules, 3410
 - • same business, 3411
- quick reference table, 3425
- recognition of accrued losses, 3415
 - • capital gain election, 3416

Active assets (passive income SBD reduction), 8145

Active business income, 8105

Additions to income for tax purposes, *see Deductions from (additions to) income*

Adjusted Aggregate Investment Income (AAII), 8145

Adjusted stub period accrual, 2568

Advance income tax rulings, 12330

Advance pricing arrangements, 6425

Adventure or concern in the nature of trade, 4015

Affiliated persons, *see also Stop-loss rules*

- defined, 4705
- transfers of property between, 4710
 - • depreciable property, 4720
 - • inventory, 4730
 - • non-depreciable property, 4715
 - • shares to issuing corporation, 4725
 - • superficial losses, 4716

Aggregate Investment Income (AII), 8210

Alberta

- AT1 return general identification information, 13015
- balance unpaid (overpayment), 13030
- capital cost allowance (CCA), 13052
- capital gains refund, 13029
- capital investment credit, 13063
- certification, 13032
- charitable donations and gifts, 13058

Alberta (*cont'd*)

- corporate tax, 13024
- current year loss and continuity of losses, 13059
- digital media tax credit, 13064
- dispositions of capital property, 13057
- filing requirement, 13005
- film credit, 13066
- foreign investment income tax credit, 13043
- functional currency reporting, 7440
- income allocation, 13042
- • factor, 13023
- income/loss reconciliation, 13051
- instalments, 13027
- insurance corporations tax, 13065
- interest charges and credits, 13035
- • offset of refund and arrears interest, 13037
- • refund interest, 13036
- investor tax credit, 13061
- late-filing and related penalties, 13010
- loss carryback application, 13048
- net file, 13006
- notice of assessment, 13031
- notice of objection, 13008
- resource deductions, 13054
- section 85 election forms, 6555
- small business deduction, 13041
- SR&ED tax credit, 13047, 13060
- taxable income, 13021
- tax payments, 13033
- tax reserves, 13056

Allowable business investment losses (ABILS), 2115, 4500

- deductibility of, 4505
- guarantees of debt, 4515, 7110
- small business corporation defined, 4510

Amalgamations

- first return after, 1025, 1027
- paid-up capital of successor corporation, 1028
- rollover rules, 1027
- tax deferred cooperative shares (rollover), 1025

Amended T2 returns, 1605, 3210, 3240, 3245

“Amounts Receivable”, 2010

Arm’s length, *see also Non-arm’s length*

- defined, 6005
- personal trusts, 6007
- unrelated persons not dealing at, 6006

Assessments

- checklist, 12035
- consequential, 12025
- contingent dates quick reference table, 12015
- electronic CRA notices (digital by default correspondence rules), 12020
- objections, 12050
- partnerships, 12035
- reassessment periods, 12010
- taxpayer misrepresentations, 12030
- waivers, 12035

Associated corporations, 8500

- consequences of association, 8505
- core rules, 8510
- • meaning of control, 8512
- • shares of a specified class, 8511
- election not to be associated, 8135
- generally, 8500
- supporting rules, 8515
- • anti-avoidance rules, 8524
- • business financing exception, 8523.25
- • control by same executor or trustee, 8523.50

Associated corporations (*cont'd*)

- • controlling corporation is trustee, 8523.75
- • deemed control, 8518
- • group of persons, 8517
- • look-through rules, 8519, 8520
- • options to acquire shares, 8522
- • relationship to self, 8516
- • saving provisions, 8523
- • shares held by minor, 8521

Atlantic ITC, 9010

At-risk amount (limited partners), 3228

Audits and investigations

- access to foreign information, 12117
- books and records, 12105
- investigations and inspections, 12115
- large business audits, 12110
- solicitor-client privilege, 12120
- • accountant working papers and privilege, 12115

Automobiles

- deduction from income, generally, 2540
- employee considerations, 2543
- non-deductible interest expense, 2541
- non-deductible lease payments, 2542
- passenger vehicles
- • luxury, 5160 (Class 10.1)
- • zero-emission, 5162 (Class 54)

Avoidance of tax debts, 1940

B

Backdating, 8105, 12315

Back-to-back loans, 6314, 7111

Bad debts, 2140

Balance-due day, 1740

Bankrupt status, 3300, 3305

Banks and Life Insurers (“bank or life insurer group member”)

- additional 1.5% surtax, 10102
- Canada Recovery Dividend, 10127

Benefit conferred (indirect payment or transfers), 12305

BEPS, 2436 & 7259 (hybrid mismatch arrangements), 6412, 7015 (PE in Canada)

Billed-Basis Accounting, 2484

Book income vs taxable income, 2005

Book tax provisions, *see Tax provisions*

Books and records, 12105

Branch tax

- branches carried on through a permanent establishment, 7040
- calculation of, 7045
- non-resident insurers, 7050

British Columbia

- book publishing tax credit, 11130
- corporate tax, 11121
- film and television tax credit, 11127
- increased employment incentive, 11131.75
- interactive digital media tax credit, 11132
- logging tax credit, 11122
- mining exploration tax credit, 11129
- natural gas investment tax credit, 11135
- production services tax credit, 11128
- QET tax credit, 11126
- shipbuilding credit, 11131.50
- small business venture capital tax credit, 11124

British Columbia (*cont'd*)

- SR&ED tax credit, 11325
- tax avoidance reporting rules, 11138
- training tax credit, 11131

Business income

- active (SBD), 8105
- cryptocurrency, 4434, 2115
- vs property income, 2020

Business number, 1106

C

Canada Emergency Business Account (CEBA), 2459

Canada Recovery Dividend, 10127

Canadian-controlled private corporation (CCPC)

- advantages of CCPCs, quick reference table, 8010
- control by non-qualifying persons, 8400
- deemed year-end, change in status, 1017
- defined, 1205
- dividend sprinkling, 12420
- foreign accrual business income (FABI), 8245
- hypothetical shareholder test, 8415
- options to purchase shares granted to non-residents or public companies, 8420
- refundable portion of Part I tax on CCPCs, 8222
- refundable tax on CCPC's investment income, 8220
- small business deduction, *see Small business deduction*
- status, 8400
 - • benefits of, table, 8010
 - • checklist, 8425
- substantive CCPC (SCCPC), 8421

Canadian corporation (defined), 8400

Canadian development expenses (CDE), *see Resource taxation*

Canadian exploration expenses (CEE), *see Resource taxation*

Canadian oil and gas property expenses (COGPE), *see Resource taxation*

Canadian resident corporations, defined, 1010

Capital cost allowance

- Accelerated Investment Incentive (AII), 5015
- Accelerated Investment Incentive Property (AIIP), 5010
- adjustments to capital cost of property, 5130
 - • non-arm's length acquisition, 5131
 - • non-government assistance, 5132
 - • section 85 rollovers, 5133
 - • transferred or misclassified property, 5134
- acquisition year rules (half-year rule), 5140
- available-for-use (AFU) rules, 5125
 - • long-term projects (election), 5126
- claim for the year, 5110
 - • revision of, 5170
- clean energy equipment, 5235
- depreciable property
 - • additions, 5115
 - • CCA classes, table, 5000
 - • dispositions, 5135
 - • general rules, 5105
 - • net proceeds of disposition, 5136
- fixed asset reconciliation schedule, 5120
- generally, deduction from income, 2190
- half-year rule, 5140
- immediate expensing incentive, 5017
- leasehold interests, 5210
- lease transactions, 5220
 - • lease-leasebacks, 5222

Index

- Capital cost allowance (*cont'd*)
 - options (including bargain purchase options), 5221
 - shareholder benefits, 6307
 - mining projects, 5225
 - oil sands projects, 5230
 - passenger vehicles, luxury, 5160
 - patents, franchises, concessions, licences rules, 5205
 - productivity-enhancing assets, 5015
 - purpose-built residential rental buildings, 5157.30
 - railway property, 5240
 - recaptured, 2601, 5145
 - Class 1 property election, 5147
 - transfer former property to a new class, 5146
 - rental properties, 5165
 - short term non-compliant, 2465
 - revising CCA claims, 5170
 - separate businesses, 3411
 - separate class properties, 5155
 - rental properties, 5165
 - specified leasing property, 5215
 - terminal losses, 2700, 5150
- Capital dividends**
 - election, 8305
 - excessive elections, 8310
- Capital gains (losses)**, *see also Dispositions of capital property, Dispositions of shares, Dispositions of real estate*
 - adjusted cost base (ACB) of capital property, 4110
 - bonds, 4114
 - identical properties, 4111
 - land, 4115
 - negative, 4117
 - partnership interests, 4113
 - shares, 4112
 - V-day value, 4116
 - bad debts, capital account, 4420
 - bonds, 4405
 - computation of capital gains and losses, 4100
 - depreciable property, 4410
 - disposition (meaning), 4105, 4210, 4445
 - donations of capital property, 4130
 - eligible capital property, 4415
 - foreign exchange gains and losses, capital account, 4425
 - hedging, 4430
 - generally, 2195
 - inclusion rate (including transitional rules), 4120
 - losses, 3210, 4005
 - net proceeds of disposition, 4105
 - bad debts, 4107
 - outlays and expenses, 4106
 - seizure of property by creditor, 4108
 - options to buy or sell property, 4435
 - person-use property, 4440
 - reserve, 4125
 - taxable, 4120
- Capital gains stripping**, 12340
 - allocation of safe income to shares, 12370
 - butterfly reorganizations, 12380
 - computation of safe income, 12355
 - consequences of the application of ITA 55(2), 12350
 - consolidation of safe income within a corporation group, 12357
 - dividends subject to Part IV tax, 12346
 - holding period, 12360
 - related party exemption, 12380
 - safe dividends, 12348
 - safe-income determination time (SIDT), 12362
 - “significant reduction”, 12342
 - stock dividends (ITA 55(2.2)–(2.4)), 12375

Capital tax, federal

- generally, 1407
- investment allowance, 1412
- taxable capital
 - financial institutions, 1415
 - large corporations, 1410
 - large insurance corporations, 1420

Capital vs current expenses, 2200

Carbon capture, utilization, and storage ITC (CCUSITC), 9035

Carbon rebates

- Canada carbon rebate for small businesses, 9046
- return of fuel charge proceeds to farmers tax credit, 9045

Cash pooling arrangements, 6312

CCA, *see* Capital cost allowance

CCPC, *see* Canadian-controlled private corporation (CCPC)

Central management and control, 1010

Charitable donations, 3005, *see also* Gifts

- capital property, 3007
- carryforwards on acquisition of control, 3014
- eligible amount of gift, 3010
- leveraged, 3013
- maximum deduction, 3006
- non-qualifying securities, 3009
- partnership allocations, 3011
- publicly-traded securities, 3008
- U.S. charities, 3012

Clean economy tax credits

- carbon capture, utilization, and storage ITC (CCUSITC), 9050
- clean electricity ITC (CEITC), 9065

- clean hydrogen tax credit (CHTC), 9070
- clean technology ITC (CTITC), 9055
- clean technology manufacturing ITC (CTMITC), 9060
- EV supply chain ITC (EVITC), 9071
- government assistance and non-government assistance, 9261
- labour requirements related to certain clean energy ITCs, 9075
- overview, 9049

Clearance certificate, 1035

Commodity futures and certain commodities, 4434

Connected corporations, 8227

Constituent entity, 6416

Construction corporations, 1113

Contingency fee WIP (professional inventory), 2484

Control, *see also* Non-arm's length, Related corporations

- business financing exception, 6110
- *de facto*, 6140
 - franchise exception, 6145
- *de jure*, 6105
 - unrelated groups, by, 6125
- executors or trustees, by, 6130
- meaning of, 6100
- shareholder agreements, 6120
- shares held by partnerships, 6135
- simultaneous, 6115

Convention on Mutual Administrative Assistance in Tax Matters, 7220

Corporate residency, 1010

Covered Tax Agreements (CTAs) (MLI), 6412

Index

Credits, *see Federal taxes and credits, Provincial taxes and credits*

Critical Mineral Exploration Tax Credit (CMETC), 5440

Current vs capital expenses, 2200

D

Debt forgiveness rules, 3300

- debt parking, 3330
- deduction from income, 2270
- forgiven amount, 3305
- • designation in respect of, 3310
- • transfer of, 3315
- income inclusion limitation or reserve, 3340
- purchase of bonds by issuer, 3325
- settlement of on winding-up or amalgamation, 3320

Dedicated telephone service (CRA), 12330

Deductions from (additions to) income

- accounting fees, 2510
- advertising expenses, 2110
- • foreign, 2111, 2112, 2113
- allowable business investment losses (ABILs), 2115, 4500
- allowance for doubtful accounts, 2637
- appeals costs, 2125
- appraisal fees, 2130
- architect fees, 2135
- bad debts, 2140
- • capital debts, 2141
- • proceeds of disposition not collected, 2143, 2144
- • recovery of, 2145
- • trade debts, 2142
- bank charges, 2150
- barter transactions, 2155

- bonuses and salaries, 2160
- book gains, 2195
- branch losses, 2165
- brokers' charges, 2170
- builders' second mortgages, 2175
- business cessation costs, 2180
- business promotion expenses, 2185
- capital cost allowance, 2190, *see also Capital cost allowance*
- capital gains (losses), 2195
- capital items that are expensed, 2200
- capital leases, 2205
- capital taxes, provincial, 2207
- carrying charges, 2210
- club dues and green fees, 2220
- contingent liabilities, 2230
- • limitation, 2231
- • rewards programs, 2230
- contract cancellation payments, 2235
- contractors' completion method, 2240
- convention and training expenses, 2245
- conversion of property to (from) inventory, 2246
- credit union interest bonus payments, 2250
- crown royalties, 2255
- damages, 2265
- debt forgiveness, 2270
- debt issues expenses, 2275
- deep discount debts, 2278
- deferred and prepaid expenses, 2280
- deferred profit sharing plan (DPSP) contributions, 2575
- deferred tax expense, 2290
- depletion, 2295
- depreciation, 2300
- development expenses (resource), 2650

Corporate Tax Return and Provisions Guide

Deductions from (additions to) income (*cont'd*)

- directors' fees, 2310
- disability-related modifications, 2315
- discounts and premiums on debts, 2468
- disposition of property
 - gains, 2405
 - losses, 2525
- dividends, 2325
 - accrued income, 2326
 - capital, 2330
 - credited to investment account, 2329
 - deemed, 2327
 - stop-loss adjustments, 2328
- donations and gifts, 2332, 3005, *see also Gifts*
 - political, 2585
- eligible capital property — gain on sale, 2335
- employee profit sharing plan (EPSP) contributions, 2575
- equity investments (book income or loss), 2345
- exchangeable debentures, 2468
- exempt income, 2350
- expenses prior to incorporation, 2030
- exploration expenses (resource), 2355
- farmers and fishermen, 2360
- financing fees, 2365
- fines and penalties, 2370
- flow-through share tax, 2375
- foreign exchange gains/losses, 2390
- foreign tax deduction, 2400
- general limitation on, 2025
- gifts
 - to customers or clients, 2162
 - to employees, 2161
- government grants and subsidies, 2450
- GST/HST input tax credits, 2420
- guarantee fees, 2425
- hedge gains and losses, 2430, 4430
- holdbacks, contractor's, 2435
- hydrocarbons, recovery of, 2605
- illegal payments, 2440
- income taxes (current), 2445
- incorporation expenses, 2446
- indexed debts, 2477
- inducement payments, 2450
- instalment sales reserves, 2452
- insurance proceeds, 2455
- interest and penalties on taxes, 2460
- interest expense, 2465, *see also Interest expense*
- interest income, 2475, *see also Interest income*
- inventory, 2480, *see also Inventory*
- investment counsel fees, 2485
- investment tax credits, 2490
- land carrying charges, 2495
- landscaping, 2500
- lease payments, 2505
- legal fees, 2125, 2510
- life insurance premiums, 2515
- limited partnership at-risk amount, 3228
- limited partnership losses, 2520
- management fees, 2527, 7108
- mark-to-market rules, 2528
- meals and entertainment expenses, 2530
- mining taxes, 2535
- motor vehicle expenses, 2540, *see also Automobiles*
- partnership income and losses, *see Partnerships*
- patronage dividends (cooperatives), 2570
- pension and profit sharing plan contributions, 2575
- personal services businesses, 2580
- political donations, 2585
- premiums and discounts on debts, 2468

Index

Deductions from (additions to) income (*cont'd*)

- property taxes, 2590
- qualifying environmental trusts, 2595
- RCA contributions, 2597
- recaptured income, 2600, 5145
- registered pension plan (RPP) contributions, 2575
- related party transactions (deferred book income), 2615
- rent expense, 2620
- repairs and maintenance, 2625
- reserves, 2630, *see also Reserves*
- resource deductions, *see Resource taxation*
- running expenses deferred for book purposes, 2281
- salaries and bonuses, 2160
- sales tax assessments, 2420, 2460
- shareholder benefits, 2670, 6305
- share issue expenses, 2675
- shares issued for property or services, 2699
- site investigation costs, 2680
- soft costs (construction and renovation of a building), 2685
- SR&ED expenditures, 2690
- stock options, 2695–2698
- terminal losses, 2700, 5150
- theft, defalcation, embezzlement, 2705
- thin capitalization interest deduction, 2710
- unpaid amounts, 2720
- unpaid remuneration, 2721
- unvouchered/unclaimed expenses, 2725
- upstream foreign affiliate loans, 2723
- utilities service connections expenses, 2730
- voluntary payments, 2745
- warranties, 2643, 2644
- write-down of capital properties (book), 2740

De facto control, see Control

De jure control, see Control

Deemed dividend, 3125

Deemed residency (ITA 250(5)), 1010

Deferring tax by earning passive income through foreign resident corporations, 8245

Depreciation, *see Capital cost allowance*

Digital Platform Operators (Reporting Rules), 1835

Dispositions of capital property, 4000, 5135

- adventure or concern in the nature of trade, 4015
- capital gains and losses, 4005
- capital gains vs income, 4010
 - security gains or losses, 4011
- capital losses, creation of, 4120
- proceeds of disposition, 5136

Dispositions of real estate, 4300, 4310

Dispositions of shares, 4200

- bankrupt corporation, deemed disposition, 4215
- convertible shares or debt, 4225
- dividend stop-loss rules, 4220
- proceeds of, 4210

Dividends

- capital, *see Capital dividends*
- deemed, 3125
 - capitalization of surplus, 3126
 - distribution of winding-up, 3127
 - redemption or acquisition of shares, 3128
 - reduction of paid-up capital, 3129
- dispositions, stop-loss rules, 4220
- eligible, 10400
 - definition, 10410
 - designation procedures, 10420

Dividends (*cont'd*)

- general rate income pool (GRIP), 10440
- gross-up and dividend tax credit, 10405
- late-filed designation, 10411
- low rate income pool (LRIP), 10450
- non-resident shareholders, 10412
- Part III.1 tax, 10110
- hedging and short selling by Canadian financial institutions, 3121
- received, 3030, 3100
- deductible, 3105
- Canadian corporation, 3106
- capital, 3107
- dividends on shares that are MTM property of FIs, 3109
- foreign affiliates, 3110
- non-deductible dividends, 3115
- collateralized preferred shares, 3116
- dividend rental arrangements, 3119
- shares guaranteed by specified financial institution, 3118
- term preferred shares, 3117
- non-resident corporations, 3108
- sprinkling, 12340

DMTT regime, 2380

Due dates and forms table, 1905

E

Earnouts, 4210

Economic substance, 12200

EFILE, 1605

Electronic filing requirement, 1606

Eligible Canadian banks deduction, 10056

Eligible Canadian Public Corporations, 9305

Eligible derivatives, 2336

Eligible dividends, *see Dividends*

Eligible refundable dividend tax on hand (ERDTH), 8238

Eligible Zero-Emission Technology M&P Income, 10032

Embedded obligations, 4105

Employee loans, interest-free, 6312

Excessive Income and Financing Expenses Limitation (EIFEL), 2352

Excluded business (TOSI), 12420

Excluded loans (ITCs, ITA 12(1)(x) exception), 9261, 2450

Excluded shares (TOSI), 12420

Exempt corporations, 1300

- certain insurers, 1320
- non-profit organizations, 1305
- SR&ED, 1315
- other exempts, 1325
- registered journalism organizations, 1325

Expenses, *see Deductions from (additions to) income*

F

Factual non-arm's length relationship, 6005

Farmers and fishermen, 2360

Farm losses, 3215

Federal taxes and credits

- 1.5% surtax on banks and life insurers, 10102
- apprenticeship expenditures ITC, 9020

Index

Federal taxes and credits (*cont'd*)

- capital gains refund, investment and mutual fund corporations, 10220
- labour-sponsored venture capital corporations (LSVCC), 10222
- TCP gains distribution, 10221
- eligible dividends, *see Dividends*
- other federal taxes, 10100
- Part II.2 tax on share buybacks, 10142
- Part III.1 tax on excessive eligible dividend designations, 10110
- Part IV tax on private and subject corporations, 8225
- Part IV.1 tax on taxable preferred share dividends, 10120
- Part IV.2 tax — the Canada recovery dividend (CRD) (one-time 15% tax on banks and life insurer groups), 10127
- Part VI tax on capital of financial institutions, 10130, 10500
- Part VI.1 tax on dividends paid on taxable preferred shares, 10125
- Part XII.1 additional tax on authorized foreign banks (AFBs), 10135
- Part XIV non-resident corporation branch tax, 7040
- Part I tax, 10000
- base amount of tax, 1005
- credit unions deduction, 10040
- foreign tax credits (FTCs) (Sch. 21), 10045
- general tax reduction, 10050
- investment corporation deduction, 10035
- investment tax credit, 10065
- logging tax credit, 10055
- manufacturing and processing profits deduction, 10030
- provincial tax abatement, 10025
- qualifying environmental trust tax credit, 10060
- recapture of ITCs, 10010
- refundable tax on CCPC's investment income, 8220
- small business deduction, 8125
- Part VI tax on capital of financial institutions, 10500
- authorized foreign banks, 10520
- definitions, 10505
- resident life insurance corporation, 10510
- qualified property Atlantic ITC, 9010
- qualifying journalism organizations refundable labour tax credit, 9030
- refundable credits, 9300 (SR&ED), 10200
- dividend refund, 10210
- federal QET tax credit refund, 10060, 10125
- film or video tax credit refunds, 10225
- • • Canadian production tax credit, 10226
- • • production services tax credit, 10227
- ITC refund, 9300, 10205
- SR&ED credits, 9100
- taxable preferred shares, *see Taxable preferred shares*

Filing-due date, 1020

Filing procedures, 1600

- authorized representatives, 1760
- bar code return, 1610
- certification, 1755
- electronic filing, 1605
- mailing addresses, 1625
- non-resident actors, 1635
- preprinted returns, 1620
- T2 short return, 1615
- tax elections filing, 1630

Filing requirements, 1000, *see also Filing procedures*

- Canadian resident corporations, 1010
- dissolution, final return, 1035

Corporate Tax Return and Provisions Guide

Filing requirements (*cont'd*)

- due dates and forms table, 1905
- filing-due date, 1020
- first return after incorporation or amalgamation, 1025
- forms, 1006
- non-resident corporations, 1007
- penalties quick reference table, 1915
- procedures, 1600, *see also Filing procedures*
- required schedules and forms, 1150
- taxation year, 1015
- wind-up of subsidiary, 1030

Financial institutions

- allowance for doubtful debts, 2637, 2637.50
- eligible Canadian banks deduction, 10056
- impaired loans of financial institutions, 2478
- Part VI tax on capital of financial institutions, 10500
- taxable capital, 1415, 10130

Fishermen, *see Farmers and fishermen*

Flow-through shares, *see Resource taxation*

Foreign accrual business income (FABI), 8245

Foreign accrual capital loss (FACL), 2380, 7225, 7252

Foreign accrual property income (FAPI)

- definition, 7225
- imputation of, 2380

Foreign accrual property loss (FAPL), 2380, 7225, 7235.5, 7415

Foreign accrual tax (FAT), 2380

Foreign affiliates, 7200

- active business (income from), 7226
- controlled, 7210
- defined, 7205

- deemed property income, base erosion rules, 7235
- DMTT regime, 2380, 7250, 10325
- dumping, 7265
- equity percentage, 7206
- excluded property and capital gains, 7240
- FAPI, 7225
- information returns, 7215
- investment business, 7230
- participating percentage, 2380
- property income recharacterization rules, 7245
- provisions quick reference table, 7212
- qualifying interest in, 7220
- qualifying return of capital (QROC), 7205
- reorganizations, 7260
- surplus accounts, 7250
 - adjustments, 7257
 - exempt, 7251
 - hybrid, 7255
 - non-business-income tax deduction, 7254
 - pre-acquisition, 7256
 - taxable, 7252
 - underlying foreign tax deduction, 7253

Foreign exchange gains/losses, 2390, 4425

Foreign exploration and development expenses (FEDE), *see Resource taxation*

Foreign investment income, 8215

Foreign resource expenses (FRE), *see Resource taxation*

Foreign tax credits (FTC), 10300

- conversion of an FTC to non-capital loss, 10340
- federal foreign business-income tax credit, 10320
- federal foreign non-business-income tax credit, 10310
- FTC generator transactions, 10350

Forms, *see Schedules and forms*

Functional currency reporting, 7400

- Alberta and Quebec reporting, 7440
- anti-avoidance rules, 7410
- conditions for, 7410
- conversion in initial year, 7415
- conversion of amounts payable/refundable, 7425
- conversion of carryover amounts, 7435
- election, 7405
- exchange gains and losses on debt, 7420
- functional currency defined, 7406
- locked-in gains and losses, 7417
- reversionary rules, 7430
- wind-ups and amalgamations, 7432

G

General anti-avoidance rule (GAAR), 12200

- CRA policies, 11230
- post-*Canada Trustco* GAAR cases, 12220
- series of transactions, 12210
- statistics, 12225

General Index of Financial Information, 1500

- codes, 1500
- CRA Guide RC4088, 1500

GIFI, *see General Index of Financial Information*

Gifts, *see also Charitable donations*

- cultural, 3021
- ecological, 3022
- political, 2585
- to Canada or province, 3020

Global minimum tax (BEPS Pillar Two), 10143

H

Health and Welfare Trusts (HWTs), 6305

Hedging gains and losses, 4430

Hybrid Mismatch Arrangements, 2436, 7259

I

IFRS, *see International Financial Reporting Standards*

Immediate expensing incentive (CCA), 5017

Inadequate consideration, 12310

Income for tax purposes, *see Net income for tax purposes*

Income for the year pertaining to or incident to that business, 8106

Income Inclusion Rule (IIR), 10143

Income of the corporation for the year from an active business, 8106

Income versus capital gain, 4010

Individual pension plan (IPP), 8145

Instalment payments, 1700

- advance payments of tax, 1720
- balance-due day, 1740
- contra-interest rules, 1730
- deficient, interest charges, 1730, 1740
- electronic payments, 1725
- exceptions and special rules, 1715
- Form RC159, 1725
- methods of computation, 1705
- provincial, 1735
- quarterly, small CCPCs, 1710

Insurance corporations

- capital tax
- large insurance corporations, 1420
- non-resident life insurance corporation, 10515
- Ontario special additional tax (SAT) on life insurance corporations, 11426
- Quebec, 14465
- resident life insurance corporation, 10510
- Saskatchewan insurance corporations premium tax, 11289

Integration of tax, 8205

Interest coupon stripping, 7110

Interest expense, 2465

- capitalized for tax purposes, 2472
- deductibility generally, 2465
- discounts and premiums on debts, 2468
- excessive income and financing expenses limitation (EIFEL rules), 2352
- equity distribution for book purposes, 2469
- exchangeable debentures, 2468.50
- loss of source income, 2467
- meaning of “debt” or “borrowed money”, 2469
- meaning of “interest”, 2475
- paid pursuant to a legal obligation, 2475
- penalties, bonuses, rate-reduction payments, 2471
- prepaid, 2470
- purpose test, 2465
- reasonableness test, 2465
- share investments, 2466
- use test, 2465

Interest income, 2475

- blended payments, deemed interest, 2476
- bonds transferred between interest dates, 2475.50
- impaired loans of financial institutions, 2478

- indexed debt obligations, 2477
- non-resident loans, imputed interest, 2550
- prescribed debts, 2477
- tax refunds, 2475.25

International Financial Reporting Standards, 1110, 2015

Inventory

- adventure or concern in nature of trade, 2482.25
- advertising, packaging material, parts, supplies, 2483
- book depreciation of, 2481
- CRA inventory valuation audit policies, 2480
- generally, 2480
- land developers, 2482.75
- non-deductible reserves, 2482
- security traders, 2482.50

Investigations, *see Audits and investigations*

Investment business, 7230

Investment income integration tables, 8205

Investment tax credits (ITCs)

- apprenticeship expenditures, 9020
- available-for-use rules, 9006
- carbon capture, utilization, and storage, 9050
- clean hydrogen tax credit (CHTC), 9060
- clean technology investment credit (CTITC), 9055
- eligible child care space, 9025
- qualified property Atlantic ITC, 9010
 - nature of, 9011
 - use of property, 9012
- SR&ED, *see Scientific research and experimental development*
- summary, 9005

L**Land carrying charges**, 2495**Large corporations**, 1400

- capital tax, federal, 1407
- defined, 1405

Limitation on benefits (LOB), 7107**Limited liability limited partnership**, 7205**LOCAM (lower of cost and market)**, 2336, 2480, 2484**Losses**

- capital, 3210
- carryback balances
 - claim schedules, 3247
 - CRA policies, 3242
- carryforward balances, CRA adjustments, 3240
- continuity and application, 3200
- farm, *see Farm losses*
- limited partnership, 2520, 3225
- listed personal property, 3220
- non-capital, 3205
- requests to adjust prior year returns, 3245
- trading (third party) (case law), 3422
- utilization strategies, 3250
- wind-up election, 3235

M**M&A oversight expenses**, 2512**Mandatory disclosure rules**, 1810**Manitoba**

- book publishing tax credit, 11148
- child care centre development tax credit, 11157

- community enterprise development tax credit, 11156
- co-op education and apprentice tax credit (i.e., paid work experience credit), 11143
- cooperative development tax credit, 11146
- corporate tax, 11141
- cultural industries printing tax credit, 11149
- film and video production tax credit, 11151
- green energy equipment ITC, 11150
- interactive digital media tax credit (IDMTC), 11147
- manufacturing ITC, 11142
- rental property construction ITC, 11144
- small business venture capital tax credit, 11145
- SR&ED tax credit, 11330

MLI (Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting), 6412**MNE (Multinational Enterprise)**, 6416**Motor vehicles**, *see Automobiles***N****Natural gas liquefaction properties**, 5245**Net income for tax purposes**, 2100

- amortization, intangible capital property, 2120
- book income vs taxable income, 2005
- business income vs property income, 2020
- computation of, 2005, 3000
- expenses, *see Deductions from (additions to) income*
- general limitation on deductible expenses, 2025
- profit for tax purposes, 2010

New Brunswick

- corporate tax, 11161
- small business investor tax credit, 11164
- SR&ED tax credit, 11335

Newfoundland and Labrador

- capital tax on financial institutions, 11182
- corporate tax, 11181
- direct equity tax credit, 11185
- film and video industry tax credit, 11187
- political contribution tax credit, 11183
- resort property ITC, 11186
- small business venture capital tax credit, 11188
- SR&ED tax credit, 11345

Nil assessment (notification that no tax is payable), 12035

Non-arm's length, *see also Control, Related corporations, Non-resident transactions*

- sale of shares, 12315
- transaction rules, quick reference table, 6010

Non-capital losses, 3205

Non-eligible refundable dividend tax on hand (NERDTH), 8237

Non-profit organizations, 1305

Non-qualified securities (stock option expense), 2695.50

Non-resident commercial trusts, 2385

Non-resident corporations, 7000

- branches carried on through a permanent establishment, 7040
- carrying on business in Canada, defined, 7005
- certificates of compliance, 7030
- dispositions of taxable Canadian property (TCP), 7025
- dispositions of treaty-protected property, 7020
- entering or leaving Canada, 7035
- filing requirement, 1007, 7000
- permanent establishment (PE) in Canada, 7015
- services rendered in Canada by, 7010

- shipping companies, 7001

Non-resident discretionary trust, interest in, 1125

Non-resident transactions

- non-arm's length, 6400
- • Form T106, 6405
- transfer pricing, 6410, *see also Transfer pricing*

Northwest Territories

- corporate tax, 11201
- political contribution tax credit, 11202

Notifiable Transactions (Form RC312), 1813

Nova Scotia

- capital investment tax credit, 11229
- corporate tax, 11221
- • reduction for new small businesses, 11225
- digital animation tax credit, 11227.5
- digital media tax credit, 11227
- financial institutions capital tax, 11230
- food donation credit, 11229.50
- insurance premium tax, 11231
- political contribution tax credit, 11224
- SR&ED tax credit, 11340
- venture capital tax credit, 11229.75

Nunavut

- corporate tax, 11241
- political contribution tax credit, 11242

O

Objections to assessments, 12050

- appealing loss determinations, 12035

Offshore investment funds, 2385

Ontario

- beneficial ownership reporting requirements, 11448
- book publishing tax credit, 11472
- business-research institute tax credit, 11352
- computer animation and special effects tax credit, 11456
- co-operative education tax credit, 11451
- corporate minimum tax (CMT), 11421
- • credits, 11422
- corporate tax rates, 11405
- *Corporations Information Act* Annual Return, 11445
- credit union tax reduction, 11407
- film and television tax credit, 11457
- food program donation tax credit for farmers, 11474
- harmonization of federal and Ontario corporate tax administration, 11440
- innovation tax credit, 11351
- insurance taxes, 11425
- • insurance premium tax, 11427
- • special additional tax (SAT) on life insurance corporations, 11426
- interactive digital media tax credit (IDMTC), 11459
- made in Ontario manufacturing ITC, 11465
- M&P tax credit, 11406
- political contributions tax credit, 11471
- production services tax credit, 11458
- qualifying environmental trust (QET) tax credit, 11473
- regional opportunities investment tax credit, 11475
- SR&ED tax credit, 11350

P

Paid-up capital, computation of, successor corporation, 1028

Part I tax, 10000

Part III.1 tax, 10430

Part IV tax on private and subject corporations, 8225

Part IV.1 tax on taxable preferred share dividends, 10120

Part VI tax on capital of financial institutions, 10500

Part VI.1 tax on dividends paid on taxable preferred shares, 10125

Partnerships

- ACB of interest, 4113
- avoidance rules (ITA 100), 4442
- book loss (income) from, 2566
- filing requirements, 1820
- fiscal period of, 2568
- income and losses, 2565
- joint ventures, 2569
- limited partnership losses, 2520, 3225
- residency certificates, 1010
- taxable income (loss) from, 2567

Passenger vehicles, see Automobiles

Passive income reduction (SBD business limit), 8145

Penalties

- GAAR, 1810, 12200
- quick reference table, 1915
- requests for taxpayer relief, 1925
- third-party, 1930

Permanent differences, 15110

Permanent establishment (PE) in a province, 11010

Permanent establishment (PE) in Canada, 7015

Perpetual debt, 2469

- Personal services business (PSB)**, 2580, 8115
 - Pertinent loan or indebtedness (PLOI)**, 2552, 6310, 6315, 7265
 - Pillar One and Pillar Two (BEPS)**, 6412, 10143
 - Planning, year-end considerations**, 2800
 - Portfolio dividends**, 8105
 - PPT (principal purpose test — MLI)**, 6412
 - Price adjustment clause**, 6500
 - Prince Edward Island**
 - corporate tax, 11261
 - ITC, 11263
 - Private corporations**
 - defined, 1207
 - quick reference table, 8005, 8010
 - shareholder information, 1130
 - Productivity super-deduction**, 5015
 - Professional corporations**, 1108
 - Profit (for tax purposes)**, 2010
 - Property income versus business income**, 2020
 - Provincial taxes and credits**, 10145
 - Alberta, *see Alberta*
 - allocation of taxable income among provinces, 11020
 - audits of allocation, 11030
 - British Columbia, *see British Columbia*
 - capital gains refunds, 10222
 - dual rates of corporate income tax, 11040
 - federal tax treatment of provincial tax credits, 11062
 - foreign tax credits, 10330
 - liability for provincial tax, 11000
 - Manitoba, *see Manitoba*
 - New Brunswick, *see New Brunswick*
 - Newfoundland and Labrador, *see Newfoundland and Labrador*
 - Northwest Territories, *see Northwest Territories*
 - Nova Scotia, *see Nova Scotia*
 - Nunavut, *see Nunavut*
 - Ontario, *see Ontario*
 - permanent establishment (PE) in province, 11010
 - Prince Edward Island, *see Prince Edward Island*
 - provincial tax credits table, 11060
 - Quebec, *see Quebec*
 - refundable tax credits, 10230
 - Saskatchewan, *see Saskatchewan*
 - Schedule 5, provincial tax credits and rebates, 11110
 - scientific research and experimental development (SR&ED) credits, 11320
 - tax rate tables, 11050
 - Yukon, *see Yukon*
- Public body performing a function of government in Canada**, 1325
 - Public corporations**
 - defined, 1210
 - election to be (or not), 1211
 - Purpose-Built Rental Housing**, 5175.30
- Q**
- QJO (qualifying journalism organization)**, 1325, 9030
 - QLAD (qualifying liquidation and dissolution)**, 7260
 - Qualified Canadian journalism organization**, 1325
 - Qualified Domestic Minimum Top-Up Tax (QDMTT)**, 10143

Index

- Qualifying currency**, 7406
- Qualifying interest**, 7220
- Qualifying liquidation and dissolution**, 7250
- Qualifying journalism organizations refundable labour tax credit**, 9030
- Qualifying non-resident employee**, 1826
- Qualifying non-resident employer**, 1826
- Qualifying transitional income (QTI)**, 2568.50
- Quebec**
 - Agri-Quebec, 14335
 - allocation of income to Quebec, 14435
 - assessments, voluntary disclosures, objections, 14130
 - balance due, 14515
 - payments, 14520
 - refunds, 14525
 - book publishing tax credit, 14725
 - capital tax on insurance corporations, 14465
 - CCA deduction
 - accelerated CCA, 14308
 - general, 14305
 - permanent additional CCA deduction, 14307
 - CEC deductions, 14305
 - commercialization of intellectual property, tax holiday, 14210, 14430
 - corporate income taxes, 14400
 - credits, 14600
 - design activity
 - in-house, 14790
 - outside consultant, 14785
 - designated trust income tax credit, 14443
 - determined transaction, 14205
 - digital transformation of print media company credit, 14762
 - donations and gifts, 14365
 - e-business development tax credit, 14710
 - elections, tax, 14345
 - eligible business income (small business rate), 14415, 14420
 - environment trust income tax credit, 14442, 14795
 - ethanol production, 14800
 - exempt corporations, 14110
 - filing requirement, 14100, 14115
 - film and cultural industry tax credits, 14715
 - film dubbing, 14740
 - film productions and services, 14720, 14745
 - performances production, 14735
 - sound recordings production, 14730
 - financial institutions compensation tax, 14470
 - financial services corporations (new services) tax credit, 14832
 - foreign tax credit (FTC), 14441
 - forest producers: property tax refund, 14820
 - functional currency reporting, 7440
 - hiring tax credits
 - individuals with limited employment capacity, 14772
 - new financial services corporation, 14831
 - incentive deduction for the commercialization of innovations (IDCI), 14212
 - instalments, paid, 14505, 14530
 - international financial centres (IFC) deduction and tax credit, 14382, 14830
 - large investment projects tax holiday, 14215
 - late-filing penalties, interest charges and credits, 14535
 - logging tax deduction, 14444
 - losses carried forward, 14375
 - mandatory and preventive disclosures, 14205
 - manufacturing tax credits, 14680

Corporate Tax Return and Provisions Guide

Quebec (*cont'd*)

- • Ci3: Investments and Innovation Tax Credit, 14686
- • job creation in certain regions, 14690, 14700
- • workplace apprenticeship program, 14705
- marine industry incentives, 14326
- meals and entertainment expenses, 14310
- multimedia titles production tax credits, 14750
- near north and far north exploration expenses deduction, 14386
- netfile, 14120
- net income or loss for tax purposes, 14300
- paid-up capital for tax purposes, 14450
- paper-filed returns, 14125
- Part VI.1 tax on dividends deduction, 14384
- patronage dividend deduction, 14340, 14396
- production of multimedia environments or events staged outside Quebec (tax credit), 14736
- public transit pass deduction, 14320
- refunds, 14525
- registration fees, 14510
- renovations to improve building access, 14330
- resource tax credits (mining and other resources), 14775
- return general identification information, 14200
- section 85 election forms, 6560
- small business limit, 14410
- social security taxes paid on tips tax credit, 14825
- SR&ED
 - • credits, 14625
 - • expenditure pool, 14315
 - • private partnership pre-competitive research credit, 14640
 - • research by university, public research centre, research consortium, 14635
 - • salaries and wages, 14630
 - • technological adaptation services, 14647
- synergy capital tax credit, 14714
- tax avoidance, 14205
- taxable dividends, 14370
- taxable Quebec property, 14105
- tax credits, 14600
 - • filing requirements, 14610
 - • quick reference table, 14605
 - • recapture, 14900
- tax holiday for large investment projects, 14215
- training tax credits, 14765
 - • general training credits, 14770
- transportation costs of remote manufacturing SMEs (special deduction), 14398
- vessel construction or conversion (tax credit), 14840

R

Reaccelerated Investment Incentive Property (RIIP), 5010

Re-appropriation of T2 statute-barred credits, 1750

Reassessments, *see Assessments*

Recaptured CCA, *see Capital cost allowance*

Rectification, 12055

Refreeze transaction, 6305

Refundable credits, 10200

Refundable dividend tax on hand (RDTOH), 8236

Refundable Part I tax on CCPCs, 8222

Refundable Part IV tax, 8225

Refundable taxes, 8200

- additional refundable tax on CCPC's (or SCCPC's) AII, 8220
- dividend refund, 8240

Index

Refundable taxes (*cont'd*)

- integration rules, 8205
- refundable dividend tax on hand (RDTOH), 8236
- refundable Part IV tax, 8225
- refundable portion of Part I tax on CCPCs, 8222

Refundable tax on CCPC's investment income, 8220

Refunds or payments due, 1750

Related corporations, 6200

- corporation and another corporation controlled by same group, 6210
- corporation and persons who control it, 6205
- corporations related to same corporation, 6215
- individuals who control connected by blood, marriage, adoption, 6220
- partnerships, 6230
- trusts, 6225

Replacement property

- former business property, 4605
- involuntary dispositions, 4610
- land and building reallocation of proceeds, 4620
- rollover rules, 4600
- • election filed, 4615

Research and development, *see Scientific research and experimental development*

Reserves

- allowance for doubtful debts, 2637
- • financial institutions, 2637.50
- capital gains, 2635
- generally, 2630
- instalment sales, 2638
- insurers' property and casualty, 2639
- loan guarantees, 2640
- prepaid rent, 2641
- quadrennial surveys, 2645

- returnable containers, 2642
- unearned revenue, 2643
- warranties, 2644

Resource taxation, *see also Alberta, Ontario, Quebec*

- book resource deductions, 2651
- Canadian development expenses (CDE), 2650, 2652, 5410
 - • accelerated Canadian development expenses (ACDE), 5413
 - • incurred during year, 5411
- Canadian exploration expenses (CEE), 2355, 2653, 5405
 - • Canadian renewable and conservation expenses, 5407
 - • incurred during year, 5406
- Canadian oil and gas property expenses (COGPE), 2654, 5415
 - • Accelerated Canadian oil and gas property expenses (ACOGPE), 5416
- Critical Mineral Exploration Tax Credit (CMETC), 5440
- depletion, 5401
- earned depletion base, 2655
- flow-through shares, 5435
 - • expenses renounced, 5436
 - • look-back rule, 5437
 - • reporting forms, 5438
- foreign exploration and development expenses (FEDE), 2656
- foreign resource expenses, (FRE), 2657, 5420
- generally, 5400
- successor rules, 5425
- transfers on amalgamation or winding-up, 5430

Restrictive covenants, 5380

Retirement compensation arrangements, 1109

Reverse earnouts, 4210

S

3030, 3040, 3105, 3110, 8225, 8227, 8240, 8305, 10115

Safe income, 12355

Same business verses separate business, 3411

Saskatchewan

- agriculture incentive, 11285.5
- chemical fertilizer incentive, 11287
- commercial innovation incentive, 11281.50
- corporate tax, 11281
- insurance corporations premium tax, 11289
- M&P ITC, 11284
- M&P profits tax reduction, 11283
- mineral processing tax refund, 11288
- multi-unit residential rental projects tax rebate, 11289
- political contribution tax credit, 11282
- QET tax credit, 11286
- SR&ED tax credit, 11355
- venture capital tax credit, 11281.75

Schedules and forms

- determination of required forms, 1150
- federal
 - RC59: Business consent for offline access, 1760
 - RC199: Voluntary Disclosures Program (VDP) Application, 1920
 - RC312: Reportable Transaction and Notifiable Transaction Information Return, 1810, 1813
 - RC3133: Reportable Uncertain Tax Treatments Information Return, 1814
 - RC431: Request for Re-appropriation of T2 Statute-barred Credits, 1750
- Schedule 1: Net Income (Loss) for Income Tax Purposes, 2100
- Schedule 2: Charitable Donations and Gifts, 3005, 3020, 3021, 3022
- Schedule 3: Dividends Received, Taxable Dividends Paid, and Part IV Tax Calculation,

- Schedule 4: Corporation Loss Continuity and Application, 3040, 3205, 3210, 3215, 3220, 3225
- Schedule 5: Tax Calculation Supplementary — Corporations [(Provincial PE income allocation), 10145, 10230, 10330, 11020, 11110
- Schedule 6: Summary of Dispositions of Capital Property [(Capital gains and losses)], 4005, 4105, 4110, 4120, 4125, 4130, 4200, 4300, 4400, 4505
- Schedule 7: Aggregate Investment Income and Active Business Income [(Computation of SBD and refundable taxes)], 8105, 8110, 8115, 8120, 8210, 8215
- Schedule 8: Capital Cost Allowance (CCA), 5110, 5115, 5130, 5135, 5140, 5145, 5150
- Schedule 9: Related and Associated Corporations, 6200, 8500
- Schedule 10: Cumulative Eligible Capital Deduction [(Applicable before 2018)], 5360
- Schedule 11: Transactions with Shareholders, Officers, or Employees, 6300
- Schedule 12: Resource-Related Deductions [(CEEs, CDEs, COGPEs, FREs), 5405, 5410, 5415, 5420, 5425, 5430, 5435
- Schedule 13: Continuity of Reserves, 2630
- Schedule 14: Miscellaneous Payments to Residents, 1115
- Schedule 15: Deferred Income Plans, 2577
- Schedule 16: Patronage Dividend Deduction, 2570
- Schedule 17: Credit Union Deductions, 10040
- Schedule 18: Federal and Provincial or Territorial Capital Gains Refund, 10220
- Schedule 19: Non-Resident Shareholder Information, 1120
- Schedule 20: Part XIV — Additional Tax on Non-Resident Corporations, 7040, 10140
- Schedule 21: Federal and Provincial or Territorial Foreign Income Tax Credits and Federal Logging Tax Credit, 10045, 10055, 10310, 10320, 10330
- Schedule 22: Non-Resident Discretionary Trust, 1125, 7300

Index

Schedules and forms (*cont'd*)

- Schedule 23: Agreement Among Associated Canadian-Controlled Private Corporations to Allocate the Business Limit (see Schedule 49 for allocation of the expenditure limit), 8130, 8500
- Schedule 24: First-Time Filer After Incorporation, Amalgamation, or Winding-up of a Subsidiary into a Parent, 1025, 1030
- Schedule 25: Investment in Foreign Affiliates, 7205
- Schedule 27: Calculation of Canadian Manufacturing and Processing Profits Deduction, 10030
- Schedule 28: Election Not to Be Associated Through a Third Corporation, 8135
- Schedule 29: Payments to Non-Residents, 1830, 7105
- Schedule 31: Investment Tax Credit — Corporations, 9005, 9010, 9020, 9025, 9110, 9310, 9340, 9400, 10010, 10065
- Schedule 33: Taxable Capital Employed in Canada — Large Corporations, 1410
- Schedule 34: Taxable Capital Employed in Canada — Financial Institutions, 1415
- Schedule 35: Taxable Capital Employed in Canada — Large Insurance Corporations, 1420
- Schedule 38: Part VI Tax on Capital of Financial Institutions, 10500
- Schedule 39: Agreement Among Related Financial Institutions — Part VI Tax, 10130
- Schedule 43: Calculation of Parts IV.1 and VI.1 Taxes, 10120, 10125
- Schedule 44: Non-Arm's Length Transactions, 6510
- Schedule 45: Agreement Respecting Liability for Part VI.1 Tax, 10126
- Schedule 49: Agreement Among Associated Canadian-Controlled Private Corporations to Allocate the Expenditure Limit (see Schedule 23 for allocation of the business limit), 9320
- Schedule 50: Shareholder Information, 1130
- Schedule 53: General Rate Income Pool (GRIP) Calculation, 10440
- Schedule 54: Low Rate Income Pool (LRIP) Calculation, 10450
- Schedule 55: Part III.1 Tax on Excessive Eligible Dividend Designations, 10110
- Schedule 56: Part II.2 Tax on Repurchases of Equity, 10142
- Schedule 58: Canadian Journalism Labour Tax Credit, 9030
- Schedule 59: Information Return for Non-Qualified Securities, 2695.50
- Schedule 63: Return of Fuel Charge Proceeds to Farmers Tax Credit, 9045
- Schedule 71: Income Inclusion for Corporations that Are Members of Single-Tier Partnerships, 2568
- Schedule 72: Income Inclusion for Corporations that Are Members of Multi-Tier Partnerships, 2568
- Schedule 73: Income Inclusion Summary for Corporations that Are Members of Partnerships, 2568
- Schedule 74: Clean Hydrogen Investment Tax Credit, 9070
- Schedule 75: Clean Technology Investment Tax Credit, 9055
- Schedule 76: Clean Technology Manufacturing Investment Tax Credit, 9060
- Schedule 78: CCUS ITC, 9050
- Schedule 88: Internet Business Activities, 1140
- Schedule 89: *Request for Capital Dividend Account Balance Verification*, 8305
- Schedule 91: Information Concerning Claims for Treaty-Based Exemptions, 97: Additional Information on Non-resident Corporations in Canada, 1007, 7020
- Schedule 92 (Authorized foreign banks), 10135
- Schedule 130: Excessive interest and financing expenses limitation, 2352
- Schedule 546: *Corporations Information Act* Annual Return for Ontario Corporations, 11445
- T2 Corporation Income Tax Return, 1005 and throughout the Guide by Page and Line
- T2 Short Return, 1615
- T106: Information Return of Non-Arm's Length Transactions with Non-Residents, 6400

Corporate Tax Return and Provisions Guide

Schedules and forms (*cont'd*)

- T183CORP: Information Return for Corporations Filing Electronically, 1605
- T1031: Subsection 13(29) Election in Respect of Certain Depreciable Properties, Acquired for Use in a Long Term Project, 5126
- T1044: Non-Profit Organization (NPO) Information Return, 1305
- T400A: Objection — *Income Tax Act*, 12050
- T652: Notice of Revocation of Waiver, 12035
- T661: Scientific Research and Experimental Development (SR&ED) Expenditures Claim, 9210, 9230, 9235, 9240, 9250, 9260, 9270, 9280
- T1131: Canadian Film or Video Production Tax Credit, 10225
- T1134: Information Return Relating to Controlled and Not-Controlled Foreign Affiliates, 7215–7250
- T1135: Foreign Income Verification Statement, 7300
- T1141: Information Return in Respect of Contributions to Non-Resident Trusts, Arrangements or Entities, 7310
- T1142: Information Return in Respect of Distributions from and Indebtedness to a Non-Resident Trust, 7315
- T1146: Agreement to Transfer Qualified Expenditures Incurred in Respect of SR&ED Contracts Between Persons Not Dealing at Arm's Length, 9274
- T1177: Film or Video Production Services Tax Credit, 10225
- T1296: Election, or Revocation of an Election, to Report in a Functional Currency, 7405
- T2002: Election, or Revocation of an Election, Not To Be a Canadian-Controlled Private Corporation, 1017
- T2012: Election in Respect of a Capital Gains Dividend Under Subsection 130.1(4), 10220
- T2022: Election in Respect of the Sale of Debts Receivable, 6516
- T2029: Waiver in Respect of the Normal Reassessment Period or Extended Reassessment Period, 12035
- T2055: Election in Respect of a Capital Gains Dividend Under Subsection 131(1), 10220
- T2057: Election on Disposition of Property by a Taxpayer to a Taxable Canadian Corporation, 6500
- T2058: Election on Disposition of Property by a Partnership to a Taxable Canadian Corporation, 6500, 6535
- T2059: Election on Disposition of Property by a Taxpayer to a Canadian Partnership, 6550
- T2184: Election to Treat an Excess Dividend as a Separate Dividend Under Subsection 184(3), 8310
- T2224: Transitional Election Under the Excessive Interest and Financing Expenses Limitation Rules, 2352
- T5003: Statement of Tax Shelter Information, T5004: Claim for Tax Shelter Loss or Deduction, 1815
- T5013: Partnership Financial Return, 1820

Scientific research and experimental development

- claim documentation, 9231
- defined, 9115
- eligible Canadian public corporations (ECPCs), 9305
- expenditure pool, 9105, 9260
 - acquisitions of control, 9267
 - deduction claimed in current year, 9266
 - government and non-government assistance, 9261
 - prior year pool and ITC recaptured, 9264
 - sale of SR&ED capital assets, 9263
- SR&ED ITC applied/refunded in prior year, 9262
 - transferred on amalgamation or wind-up, 9265
- expenditures, *see also qualified expenditures for ITC (below)*
 - capital, 9250
 - current, 9240
 - cost of materials consumed, 9243
 - cost of materials transformed, 9244
 - leased equipment, 9246
 - overhead and other expenditures, 9247
 - salaries or wages of employees, 9242

Scientific research and experimental development (*cont'd*)

- SR&ED contracts' expenditures, 9245
- third party payments, 9248
- unpaid salaries or wages, 9242.75
- work performed outside Canada, 9242.25
- proxy vs traditional method, 9235
- filing requirements, 9210
- first-time claimant advisory service, 9115
- incentives summary, 9100
- investment tax credits available, 9110
- partnership claims, 9220
- limited partners claims, 9290
- preclaim project review (PCPR) service, 9115
- prescribed proxy amount (PPA), 9280
- calculation of, 9284
- salary base, 9282
- project information, Form T661, 9230
- qualified expenditures for ITC, 9270
- assistance and contract payments received, 9275
- repayments of, 9279
- non-arm's length transactions, 9278
- other non-qualifying expenditures, 9277
- payment of prior years' unpaid amounts, 9271
- prescribed proxy amount (PPA), 9272
- shared-use equipment, 9273
- transferred to corporation, 9274
- unpaid current expenditures, 9276
- recapture of SR&ED ITC, 9400
- refundable ITCs, 9300
- calculation of, 9340
- expenditure limit, 9310
- allocation, 9320
- relieving provision, 9330
- self-assessment learning tool, 9115

Secondary transfer pricing adjustments, 6421

Section 85 rollovers, 6500

- accounts receivable transfer, 6516 (see also 1025 — amalgamations)
- Alberta election forms, 6555
- checklists, 6545
- elected amount, 6520
- eligible property, 6515
- late-filed rollover elections, 6540
- paid-up capital adjustment, 6530
- partnership transferor, 6535
- Quebec election forms, 6560
- rollovers to partnerships, 6550

Share buyback tax, 10142

Share issue expenses, 2675

Shareholder transactions, 6300

- benefits, 6305, 6307, 6308
- loans, 6310
- income inclusion exceptions, 6311
- interest-free, 6312
- non-resident corporation or shareholder, 6315
- offsetting loans and advances, 6313
- repayment included in income, 6312
- non-arm's length sale of shares, 12315
- shareholder vs employee benefits, 6305

Signatory, 1755

Small business deduction, 8100

- active business income, 8105
- active business income ineligible for the SBD, 8106
- anti-avoidance rule, 8123
- business limit, 8130
- assignment, 8118
- bonusing down to, 8150

- Small business deduction (*cont'd*)
- • reduction of, 8140
 - calculation of, 8125
 - campgrounds, 8110
 - designated member, 8121
 - election not to be associated, 8135
 - generally, 8100
 - multiplier structures (central services corp), 8118
 - PSBs, 8115
 - royalty income, 8110
 - side car structure, 8121
 - specified corporate income (SCI), 8118
 - specified investment business (SIB), 8110
 - specified partnership business limit, 8122
 - specified partnership income, 8120

Soft costs (buildings), 2685

Solicitor-client privilege, 12120

Source deductions, 1825

- qualifying non-resident employee, 1826
- qualifying non-resident employer, 1826
- stock option benefit withholding, 1827

Specified investment business, 8110

Specified partnership income, 8120

SR&ED, *see* Scientific research and experimental development

Stock option expenses, 2695

Stock options, 2695–2698

Stop-loss rules, 4700

Straddle Transactions, 2699

Substantive CCPCs (SCCPCs), 8421

Surrogatum principle, 2265

Synthetic equity arrangements, 3120

T

T2 return, *see* *Filing procedures*

T2 short return, 1615

Tax accrual working papers (TAWPs), 12115

Tax avoidance

- GAAR, 12200
- reportable transactions (Form RC312), 1810

Tax earned by auditor (TEBA), 12110

Tax expense (accounting)

- current, 15100
- deferred, 15200

Tax indifferent investor (TII), 4012

Tax instalments, *see* *Instalment payments*

Tax integration, 8205

Tax on split income, 12420

Tax on split income (TOSI) rules, 12340

Taxable Canadian property (TCP)

- dispositions of, 7025
- • certificates of compliance, 7030
- • excluded dispositions, 7026

Taxable capital reduction (SBD business limit), 8140

Taxable income

- charitable donations, *see* *Charitable donations*
- computation of, 3000
- debt forgiveness rules, *see* *Debt forgiveness rules*
- deductible losses, 3040, 3200

Index

Taxable income (*cont'd*)

- dividends, *see Dividends*
- gifts, *see Gifts*
- loss continuity and application, 3200
- losses, *see Losses*
- other deductions, 3045
- Part VI.1 tax deduction, 3035

Taxable preferred shares, 10600

- definition, 10605
- short-term preferred shares, 10610
- taxable restricted financial institution (RFI) shares, 10620
 - excepted dividends, 10625
 - excluded dividends, 10635

Taxation year

- acquisition of control, 1016
- change in CCPC status, 1017
- defined, 1015
- final year before amalgamation, 1018
- partnerships and joint ventures, 1019

Taxes

- federal, *see Federal taxes and credits*
- provincial, *see Provincial taxes and credits*
- refundable, *see Refundable taxes*

Taxpayer relief from penalties and interest, 1925

Tax planning, *see Planning, year-end considerations*

Tax preparer registration, 1805

Tax provisions

- accounting standards, 15000
- classification of income tax accounts, 15405
- current, 15100
 - tax expense, 15105
- deferred, 15200

- liability method (balance sheet approach), 15202
- tax rates and legislation method, 15210
- disclosure requirements, 15410
- examples of tax provisions
 - comprehensive, 15500
 - current tax provision, 15510
 - deferred tax provision, 15515
- exceptions and special rules, 15300
 - foreign currency translations, 15330
 - goodwill, 15310
 - initial recognition of asset or liability, 15325
 - intragroup transfers, 15320
 - investments in subsidiaries and joint ventures, 15315
 - refundable taxes, 15340
 - uncertain tax positions, 1814, 15305
- interim tax provision, 15450
- offsetting tax asset and liability accounts, 15425
- other items affecting deferred tax balances, 15225
- permanent differences quick reference table, 15110
- tax rate reconciliation, 15415
 - quick reference table, 15420
- timing differences quick reference table, 15220

Tax rate tables, 11050

- combined federal and provincial, 11052
- federal for active business eligible for SBD, 8100
- federal Part I tax, 10005

Tax refunds, *see Refunds or payments due*

Tax returns, processing, 12005

Tax shelter loss or deduction, 1815

Terminal losses, 2700, 5150

Territorial taxes and credits

- Northwest Territories, *see Northwest Territories*

Territorial taxes and credits (*cont'd*)

- Nunavut, *see Nunavut*
- Yukon, *see Yukon*

Thin capitalization rules, 2710

Time Limits and Other Periods Act (TLOPA)

- appeals and court proceedings, 12030
- assessment periods, 12010
- objections, 12050

Timing differences, 15220

Transaction fees (M&A), 2512

Transfer pricing, 6410

- advance pricing arrangements, 6425
- audits, adjustments, penalties, 6420
- contemporaneous documentation, 6415
- OECD guidelines, 6411

Treaty shopping, 6413

U

Ultimate parent entity, 6416

Uncertain tax positions (Reporting rules — Form RC3133), 1814

Undertaxed Profits Rule (UTPR), 10143

Unnamed persons information requests, 12115

V

Vehicles, *see Automobiles*

Voluntary disclosures program, 1920

W

Waivers (Form T2029), 12035

Wind-ups

- bump, 1031
- Canadian corporation, non-subsiary, 1032
- partnership, 1033
- subsidiary, 1030

Withholding tax (Part XIII), *see also Source deductions*

- back-to-back loans, 6314, 7111
- dividends, 7115
- fees or commissions, 1830
- interest, 7110
- management fees, 7108
- payments to non-residents, 7105
- reduced withholding treaty benefits claim, 7120
- rents and royalties, 7117

Work in Progress (WIP) Inventory, 2484

Y

Year-end planning considerations, 2800

Yukon

- carbon price rebate, 11305
- corporate tax, 11301
- M&P profits tax credit, 11303
- political contribution tax credit, 11302
- SR&ED tax credit, 11360

Z

Zero-emission technology M&P income, 10032

Zero-emission vehicles, 5162