

**FEDERAL AND PROVINCIAL OR TERRITORIAL CAPITAL GAINS REFUND  
(2010 and later tax years)**

Name of corporation	Business number	Year	Tax year-end Month	Day
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- Use this schedule if you are an investment corporation or a mutual fund corporation throughout a tax year to calculate the federal capital gains refund and the provincial and territorial capital gains refund (except for Quebec and Alberta).
- The expressions **investment corporation** and **taxed capital gains** are defined in subsection 130(3); the expression **mutual fund corporation** is defined in subsection 131(8); and the expressions **refundable capital gains tax on hand** and **capital gains redemptions** are defined in subsection 131(6) of the federal *Income Tax Act*.
- The expressions **Ontario capital gains refund** and **Ontario refundable capital gains tax on hand** are defined in subsections 106(2) and (3) respectively of the *Taxation Act, 2007* (Ontario). The expressions **Manitoba capital gains refund** and **Manitoba refundable capital gains tax on hand** are defined in subsections 9(1) and (2) respectively of the *Income Tax Act* (Manitoba).
- The Ontario basic rate of tax referred to in Part 5 and Part 6 is calculated in Part 1 of Schedule 500, *Ontario Corporation Tax Calculation*.

**Part 1 – Refundable capital gains tax on hand (RCGTOH)**

RCGTOH at the end of the previous year	101	A
Taxable income for the year (amount from line 360 of the T2 return)	120	B
Taxed capital gains for the year	120	C
Part I taxes payable, excluding corporate surtax		D
The least of amounts B, C, and D		E
RCGTOH amount transferred on amalgamation* (for mutual fund and investment corporations)	144	F
Subtotal (total of amounts A, E, and F)		G
Deduct: Federal capital gains refund for the previous year	151	H
RCGTOH at the end of the year (before capital gains refund for the year) (amount G minus amount H)	160	I

\* The amount of RCGTOH at the end of the year less the capital gains refund received for the year before amalgamation.

**Part 2 – Capital gains redemptions for the year \***

Amount I in Part 1		J
Add: Fair market value of all issued shares	162	K
All debts or other obligations owing	164	L
Subtotal (amount K plus amount L)		M
Deduct: Total of cost amounts of all properties	166	N
Money on hand	168	O
Subtotal (amount N plus amount O)		P
Subtotal (amount M minus amount P) (if negative, enter "0")		Q
Net total at the end of the year (amount J plus amount Q)		R
Amount paid in the year to redeem shares	169	S
Capital gains redemptions for the year	$\frac{\text{Amount S}}{\text{Amount S}} \times \frac{\text{Amount R}}{\text{Amount K}}$	T

\* For mutual fund corporations only.

**Part 3 – Federal capital gains refund for the year \***

Capital gains dividends paid in the period starting 60 days after the beginning of the year and ending 60 days after the end of the year	180	
Add: Capital gains redemptions for the year (amount T in Part 2)		U
Amount U multiplied by 14%		V
Federal capital gains refund for the year – the lesser of amounts I (in Part 1) and V (enter amount W on line 788 on page 8 of the T2 return)	190	W

\* The corporation must either be an investment corporation or a mutual fund corporation throughout a tax year to obtain a refund (subsections 130(2) and 131(2) of the *Income Tax Act*).

## Part 4 – Calculation of Ontario allocation factor (OAF)

If the provincial or territorial jurisdiction entered on line 750 of the T2 return is "multiple", complete the following calculation and enter the result on line X:

$$\frac{\text{Ontario taxable income}^*}{\text{Taxable income}^{**}} = \frac{\quad}{\quad}$$

**Ontario allocation factor** .....                      X

\*\* Enter the taxable income amount from line 360 of the T2 return. If the taxable income is nil, enter "1,000".

ORCGTOH at the end of the previous year ..... **192** \_\_\_\_\_ Y

Taxable income for the year (amount from line 360 of the T2 return) \_\_\_\_\_ × OAF \_\_\_\_\_ × Ontario basic rate of tax (see Note below) \_\_\_\_\_ % = \_\_\_\_\_ Z

Taxed capital gains for the year (amount on line 120 in Part 1) \_\_\_\_\_ × OAF \_\_\_\_\_ × Ontario basic rate of tax (see Note below) \_\_\_\_\_ % = \_\_\_\_\_ AA

Ontario corporate income tax payable (amount G6 from Part 2 of Schedule 5).....                      BB

**Deduct:** Ontario refundable tax credits (amount J6 from Part 2 of Schedule 5) ..... CC

Excess (Amount BB **minus** amount CC) (if negative, enter "0") ..... DD

The least of amounts Z, AA, and DD ..... EE

ORCGTOH amount transferred on amalgamation \* (total of transfer from each predecessor corporation that was either a mutual fund corporation or an investment corporation) . . . . . **194** \_\_\_\_\_ FF

Subtotal (total of amounts Y, EE, and FF) \_\_\_\_\_ GG

**Deduct:** Ontario capital gains refund for the previous tax year ..... **196** \_\_\_\_\_ HH

**ORCGTOH at the end of the year** (before Ontario capital gains refund for the year) (amount GG **minus** amount HH) . . . **198** \_\_\_\_\_ ||

\* The amount of ORCGTOH at the end of the year less the Ontario capital gains refund received for the year before amalgamation.

### Part 6 – Ontario capital gains refund for the year \*

Capital gains dividends paid in the period starting 60 days after the beginning of the year and ending 60 days after the end of the year (amount on line 180, in Part 3) ..... JJ

**Add:** Capital gains redemptions for the year (amount on line 170 in Part 2) .....                      KK

Total (amount JJ **plus** amount KK) \_\_\_\_\_ LL

$$\text{Amount LL} \quad \underline{\hspace{2cm}} \quad \times \quad \text{OAF} \quad \underline{\hspace{2cm}} \quad \times \quad \text{Ontario basic rate of tax (see Note below)} \quad \underline{\hspace{2cm}} \% \times 0.5 = \dots \underline{\hspace{2cm}} \text{MM}$$

**Ontario capital gains refund for the year** (the lesser of amounts II (in Part 5) and MM) .....                      **NN**  
Enter amount NN on line 260 in Part 11.

\* The corporation must either be a mutual fund corporation or an investment corporation throughout a tax year to obtain an Ontario capital gains refund (subsections 106(1) and 106(5) of the *Taxation Act, 2007* (Ontario)).

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# MANITOBA CAPITAL GAINS REFUND

## Part 7 – Manitoba tax rate

Enter on line 1 the higher tax rate for the applicable tax year from Schedule 383, *Manitoba Corporation Tax Calculation*. If a single tax rate applies to the entire tax year, enter that rate. If different rates apply to different periods in the tax year, the tax rate is the **total** of all rates calculated as follows:

Tax rate =  $R \times A1/A2$  where:

R = the tax rate for the period (from Schedule 383)

A1 = the number of days in the tax year that fall within the period

A2 = the number of days in the tax year

**Manitoba tax rate** ..... 1

Use the Manitoba tax rate for calculations in Part 9 and Part 10.

## Part 8 – Calculation of Manitoba allocation factor (MAF)

If the provincial or territorial jurisdiction entered on line 750 of the T2 return is "Manitoba", enter "1" on line OO. Use the amount on line OO to calculate the Manitoba capital gains refund for the year in Part 10.

If the provincial or territorial jurisdiction entered on line 750 of the T2 return is "multiple", complete the following calculation and enter the result on line OO:

$\frac{\text{Manitoba taxable income}^*}{\text{Taxable income}^{**}} =$

**Manitoba allocation factor** ..... OO

\* Enter the amount allocated to Manitoba from column F in Part 1 of Schedule 5. If the taxable income is nil, calculate the amount in column F as if the taxable income were \$1,000.

\*\* Enter the taxable income amount from line 360 of the T2 return. If the taxable income is nil, enter "1,000".

## Part 9 – Manitoba refundable capital gains tax on hand (MRCGTOH)

MRCGTOH at the end of the previous year ..... **300** PP

Taxable income for the year (amount from line 360 of the T2 return) .....  $\times$  Manitoba tax rate (from line 1 in Part 7) ..... % = ..... QQ

Taxed capital gains for the year (amount on line 120 in Part 1) .....  $\times$  Manitoba tax rate (from line 1 in Part 7) ..... % = ..... RR

Manitoba corporate income tax payable (amount C7 from Part 2 of Schedule 5) ..... SS

**Deduct:** Manitoba refundable tax credits (amount D7 from Part 2 of Schedule 5) ..... TT

Excess (amount SS **minus** amount TT) (if negative, enter "0") ..... UU

The least of amounts QQ, RR, and UU ..... VV

Subtotal (amount PP **plus** amount VV) ..... WW

**Deduct:** Manitoba capital gains refund for the previous tax year ..... **310** XX

**MRCGTOH at the end of the year** (before Manitoba capital gains refund for the year) (amount WW **minus** amount XX) ..... **320** YY

## Part 10 – Manitoba capital gains refund for the year \*

Capital gains dividends paid in the period starting 60 days after the beginning of the year and ending 60 days after the end of the year (amount on line 180, in Part 3) ..... ZZ

**Add:** Capital gains redemptions for the year (amount on line 170 in Part 2) ..... AAA

Total (amount ZZ **plus** amount AAA) ..... BBB

Amount BBB .....  $\times$  Manitoba tax rate (from line 1 in Part 7) .....  $\times$  0.5  $\times$  MAF (amount OO from Part 8) ..... % = ..... CCC

**Manitoba capital gains refund for the year** (the lesser of amounts YY (from Part 9) and CCC) ..... DDD

Enter amount DDD on line 262 in Part 11.

\* The corporation must either be a mutual fund corporation or an investment corporation throughout a tax year and must be entitled to the federal capital gains refund for the tax year to receive the Manitoba capital gains refund.

## Part 11 – Provincial or territorial capital gains refund for the year

**Note:** If the tax year includes a date with a provincial or territorial tax rate change, you have to prorate the tax rate using the number of days in the tax year before and after this date.

Provincial or territorial code		Federal capital gains refund for the year (amount W)		Capital gains refund	
<b>200</b>				<b>210</b>	
XO	Newfoundland and Labrador Offshore taxable income	×		Newfoundland and Labrador Offshore income tax rate	*
	Total taxable income			28%	
NL	Newfoundland and Labrador taxable income	×		Newfoundland and Labrador income tax rate	*
	Total taxable income			28%	
PE	Prince Edward Island taxable income	×		Prince Edward Island income tax rate	
	Total taxable income			28%	
NO	Nova Scotia Offshore taxable income	×		Nova Scotia Offshore income tax rate	
	Total taxable income			28%	
NS	Nova Scotia taxable income	×		Nova Scotia income tax rate	
	Total taxable income			28%	
NB	New Brunswick taxable income	×		New Brunswick income tax rate	
	Total taxable income			28%	
SK	Saskatchewan taxable income	×		Saskatchewan income tax rate	
	Total taxable income			28%	
BC	British Columbia taxable income	×		British Columbia income tax rate	
	Total taxable income			28%	
NT	Northwest Territories taxable income	×		Northwest Territories income tax rate	
	Total taxable income			28%	
YT	Yukon taxable income	×		Yukon income tax rate	
	Total taxable income			28%	
NU	Nunavut taxable income	×		Nunavut income tax rate	
	Total taxable income			28%	

Ontario capital gains refund for the year (amount NN in Part 6) ..... **260** \_\_\_\_\_

Manitoba capital gains refund for the year (amount DDD in Part 10) ..... **262** \_\_\_\_\_

**Total provincial or territorial capital gains refund for the year (add amounts on lines 210, 260, and 262)** ..... **290** \_\_\_\_\_

Enter the amount from line 290 on line 808 on page 8 of the T2 return.

\* For Newfoundland and Labrador the capital gains refund as calculated above cannot exceed the least of:

- Newfoundland and Labrador tax otherwise payable on line 209 on Schedule 5;
- the taxed capital gains on line 120 in Part 1 **multiplied** by the Newfoundland and Labrador income tax rate; and
- Newfoundland and Labrador taxable income **multiplied** by the Newfoundland and Labrador income tax rate.