



Net Income (Loss) for Income Tax Purposes (2016 and later tax years)

Schedule 1

Code 1601

Protected B
when completed

Corporation's name	Business number	Tax year-end Year Month Day
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- The purpose of this schedule is to provide a reconciliation between the corporation's net income (loss) as reported on the financial statements and its net income (loss) for tax purposes. For more information, see the *T2 Corporation Income Tax Guide*.
- All legislative references are to the *Income Tax Act*.

Amount calculated on line 9999 from Schedule 125 A

Add:

Provision for income taxes – current	101	
Provision for income taxes – deferred	102	
Interest and penalties on taxes	103	
Amortization of tangible assets	104	
Amortization of natural resource assets	105	
Amortization of intangible assets	106	
Recapture of capital cost allowance from Schedule 8	107	
Gain on sale of eligible capital property from Schedule 10	108	
Loss in equity of subsidiaries and affiliates	110	
Loss on disposal of assets	111	
Charitable donations and gifts from Schedule 2	112	
Taxable capital gains from Schedule 6	113	
Political donations	114	
Holdbacks	115	
Deferred and prepaid expenses	116	
Depreciation in inventory – end of year	117	
Scientific research expenditures deducted per financial statements	118	
Capitalized interest	119	
Non-deductible club dues and fees	120	
Non-deductible meals and entertainment expenses	121	
Non-deductible automobile expenses	122	
Non-deductible life insurance premiums	123	
Non-deductible company pension plans	124	
Other reserves on lines 270 and 275 from Schedule 13	125	
Reserves from financial statements – balance at the end of the year	126	
Soft costs on construction and renovation of buildings	127	
Non-deductible fines and penalties under section 67.6	128	
Income or loss for tax purposes – partnerships	129	
Amounts calculated under section 34.2 from Schedule 73	130	
Income shortfall adjustment and additional amount from Schedule 73	131	
Income or loss for tax purposes – joint ventures	132	
Total of additions from line F on Page 3	199	
Total (lines 101 to 199)	500	▶ B

Amount A **plus** amount B C

Deduct:

Gain on disposal of assets per financial statements	401	_____
Non-taxable dividends under section 83 from Schedule 3	402	_____
Capital cost allowance from Schedule 8	403	_____
Terminal loss from Schedule 8	404	_____
Cumulative eligible capital deduction from Schedule 10	405	_____
Allowable business investment loss from Schedule 6	406	_____
Foreign non-business tax deduction under subsection 20(12)	407	_____
Holdbacks	408	_____
Deferred and prepaid expenses	409	_____
Depreciation in inventory – end of prior year	410	_____
SR&ED expenditures claimed in the year on line 460 from Form T661	411	_____
Other reserves on line 280 from Schedule 13	413	_____
Reserves from financial statements – balance at the beginning of the year	414	_____
Patronage dividend deduction on line 116 from Schedule 16	416	_____
Contributions to deferred income plans from Schedule 15	417	_____
Total of deductions from line G on Page 4	499	_____

Total (lines 401 to 499) **510** _____ **▶** _____ D

Net income (loss) for income tax purposes (amount C **minus** amount D) E

Enter amount E on line 300 on page 3 of the T2 return.

Add:

Accounts payable and accruals for cash basis – closing	201	
Accounts receivable and prepaid for cash basis – opening	202	
Accrual inventory – opening	203	
Accrued dividends – prior year	204	
Capital items expensed	206	
Debt issue expense	208	
Deemed dividend income	209	
Deemed interest on loans to non-residents	210	
Deemed interest received	211	
Development expenses claimed in current year	212	
Dividend stop-loss adjustment	213	
Dividends credited to the investment account	214	
Exploration expenses claimed in current year	215	
Financing fees deducted in books	216	
Foreign accrual property income	217	
Foreign affiliate property income	218	
Foreign exchange included in retained earnings	219	
Gain on settlement of debt	220	
Interest paid on income debentures	221	
Limited partnership losses from Schedule 4	222	
Mandatory inventory adjustment – included in current year	224	
Non-deductible advertising	226	
Non-deductible interest	227	
Non-deductible legal and accounting fees	228	
Optional value of inventory – included in current year	229	
Other expenses from financial statements	230	
Recapture of SR&ED expenditures from Form T661	231	
Resource amounts deducted	232	
Restricted farm losses – current year from Schedule 4	233	
Sales tax assessments	234	
Share issue expense	235	
Write-down of capital property	236	
Amounts received in respect of qualifying environmental trust per paragraphs 12(1)(z.1) and 12(1)(z.2)	237	
Contractors' completion method adjustment: revenue net of costs on contracts under 2 years – previous year	238	
Taxable/non-deductible other comprehensive income items	239	
Book loss on joint ventures	248	
Book loss on partnerships	249	

Other additions:

1 Description	2 Amount
605	295
1.	
2.	
3.	
4.	
If you need more space, attach additional schedules.	
Total of column 2	296

Total of lines 201 to 249 and line 296 F
Enter amount F on line 199 on page 1

Deduct:

Accounts payable and accruals for cash basis – opening	300	_____
Accounts receivable and prepaid for cash basis – closing	301	_____
Accrual inventory – closing	302	_____
Accrued dividends – current year	303	_____
Bad debt	304	_____
Equity in income from subsidiaries or affiliates	306	_____
Exempt income under section 81	307	_____
Mandatory inventory adjustment – included in prior year	309	_____
Contributions to a qualifying environmental trust	310	_____
Non-Canadian advertising expenses – broadcasting	311	_____
Non-Canadian advertising expenses – printed materials	312	_____
Optional value of inventory – included in prior year	313	_____
Other income from financial statements	314	_____
Payments made for allocations in proportion to borrowing and bonus interest payments from Schedule 17	315	_____
Contractors' completion method adjustment: revenue net of costs on contracts under 2 years – current year	316	_____
Non-taxable/deductible other comprehensive income items	347	_____
Book income on joint venture	348	_____
Book income on partnership	349	_____
Resource deductions:		
Canadian development expenses from Schedule 12	340	_____
Canadian exploration expenses from Schedule 12	341	_____
Canadian oil and gas property expenses from Schedule 12	342	_____
Depletion from Schedule 12	344	_____
Foreign exploration and development expenses from Schedule 12	345	_____

Other deductions:

	1 Description	2 Amount	
	705	395	
1.			
2.			
3.			
4.			
If you need more space, attach additional schedules.		Total of column 2	▶ 396 _____

Total of lines 300 to 345, 347 to 349, and line 390 to 396 **G**
Enter amount G at line 499 on page 2