

Election in Respect of Loans from Non-Residents

- By virtue of this election, interest paid in Canadian currency to the **parent corporation** in respect of money loaned to the **subsidiary corporation** is not subject to withholding tax under Part XIII.
- This form must be jointly completed by the non-resident corporation (**the parent corporation**) and the person resident in Canada or the non-resident insurance corporation carrying on business in Canada (**the creditor**), from whom the parent corporation has borrowed money that has been loaned, in whole or in part, at the same interest rate, to a subsidiary wholly-owned corporation (**the subsidiary corporation**) resident in Canada, where all the conditions described in section 218 of the *Income Tax Act* apply.
- The principal business of the **subsidiary corporation** must be the making of loans or alternatively, that subsidiary corporation must have re-loaned the money to its wholly-owned subsidiary, resident in Canada, whose principal business is the making of loans.
- The election does not apply in respect of any payment of interest made more than 12 months before the date the election was filed.
- Two completed copies of the election signed by the **parent corporation** and the **creditor** are to be mailed separately from any other return to the tax centre of the **subsidiary corporation**. Find your TC's address by going to www.cra.gc.ca/tso.
- Parts, sections and subsections referred to in this form are from the *Income Tax Act*.

Do not use this area

Name of non-resident corporation (Parent)
Address

Name of creditor	Social insurance number or business number
Address	Tax services office
Creditor is: <input type="checkbox"/> a resident of Canada, or <input type="checkbox"/> a non-resident insurance corporation carrying on business in Canada	

Name of subsidiary corporation	Business number
Address	Tax services office

Name of wholly owned subsidiary of subsidiary corporation	Business number
Address	Tax services office

To be completed where the principal business of the **subsidiary corporation** is not the making of loans, and that corporation re-loaned the borrowed money to its wholly-owned subsidiary which is resident in Canada and whose principal business is the making of loans.

Information required

1. Amount borrowed by the **parent corporation** from the **creditor** _____

Year	Month	Day

Date on which the **parent corporation** borrowed this amount from the **creditor** _____

Rate of interest payable in Canadian currency on the money borrowed _____ % per annum.

2. Amount of borrowed money specified in 1 that was loaned by the parent corporation to its subsidiary corporation _____

Year	Month	Day

Date on which the **parent corporation** made its loan to the **subsidiary corporation** _____

Rate of interest payable in Canadian currency on the money loaned _____ % per annum.

Year	Month	Day

3. Date on which loan was assigned to or acquired by the present creditor, if applicable _____

Election and certification

The **parent corporation** and **creditor** named from page 1 of this form, hereby jointly elect under subsection 218(3) and certify that the information provided in this election is true, correct and complete in every respect.

Parent corporation

Name of authorized officer for the parent corporation

Position or office

Signature of authorized officer for the parent corporation

Date yyyy/mm/dd

Creditor

Name of authorized officer for the creditor

Position or office

Signature of authorized officer for the creditor

Date yyyy/mm/dd

Privacy Act, personal information bank number CRA PPU 047 and CRA PPU 005