



PART VI TAX RETURN - TAX ON CAPITAL OF FINANCIAL INSTITUTIONS

Name of corporation	Account Number/Business Number	<table style="width:100%; border-collapse: collapse;"> <tr> <td style="text-align: center; border-bottom: 1px solid black;">Taxation year-end</td> </tr> <tr> <td style="text-align: center; border-bottom: 1px solid black;">Day Month Year</td> </tr> <tr> <td style="text-align: center; border-bottom: 1px solid black;"> </td> </tr> </table>	Taxation year-end	Day Month Year	
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Day Month Year					

- This return is to be used by a corporation that is a financial institution at any time during a taxation year and is liable to pay capital tax under Part VI or would be liable if not for the deduction provided under subsection 190.1(3).
- This return includes changes proposed by the Minister of Finance in April, 1995, July, 1995 and the federal budget in March, 1996. These proposed changes were not law at the time of printing but we are preparing to apply them.
- Subsection 190(2) provides the basis to determine the carrying value of a corporation's assets or any other amount under Part VI.
- A "financial institution" as defined in subsection 190(1) means:
 - 1) a bank,
 - 2) a trust company,
 - 3) a corporation that accepts deposits from the public and carries on the business of lending money on the security of real estate or investing in mortgages or hypothecs on real estate,
 - 4) a life insurance corporation that carries on business in Canada, or
 - 5) a corporation where all or substantially all of its assets are shares or debts of corporations described in any of paragraphs 1) to 4) above or in this paragraph and to which the corporation is related.
- "Long-term debt" and "reserves" have the meaning assigned by subsection 190(1).
- Parts, subsections, paragraphs and subparagraphs referred to in this return are those of the *Income Tax Act*.
- **File the completed T2044(E) with the T2 Corporation Income Tax Return - Form T2 - within six months from the end of the taxation year.**

CALCULATION OF PART VI TAX

Complete the following calculation, using the amounts determined on the next pages of this return:

Taxable Capital Employed in Canada (Amount I from page 3)	\$	
Deduct: Capital Deduction claimed by this institution (Amount N from page 4)	\$	
Excess	\$	A
PART VI TAX: (0.0125) X Amount A \$	\$	B

Where the taxation year of the corporation is less than 51 weeks the tax payable is calculated as follows:

Amount B	\$		X	Number of days in the year () =			\$	C
				365				

Gross Part VI Tax = (Amount B) or (Amount C) whichever is applicable + (Amount R from page 4)	374	\$		D
Deduct:				
Part I tax credits applied:				
Current Year (amount X from page 5)	\$			
Carried forward from Box 2 on form T921				
Surtax Credits applied:				
Current Year (amount G from page 3 of form T2148 or page 5 on form T2149)				
Carried forward from Box 2 on Form T962				
Amount E cannot exceed amount D above				E
Subtotal				
Add: Additional Part VI tax on deposit-taking institutions (amount U from page 4)	380			
Net Part VI tax payable (enter this amount on line 134 on page 8 of your T2 Return)		\$		

Complete the areas below to determine the components for the Calculation of Part VI Tax on page 1.

CAPITAL

FINANCIAL INSTITUTION OTHER THAN A NON-RESIDENT LIFE INSURANCE CORPORATION

To be completed by a financial institution other than a non-resident life insurance corporation.
Add the following amounts computed at the end of the year.

Long-term debt	\$ _____		
Capital stock (or, in the case of a corporation incorporated without share capital, its members' contributions)	_____		
Retained earnings	_____		
Contributed surplus	_____		
Any other surpluses	_____		
Reserves except to the extent that they were deducted in computing income under Part I for the year (See Note below)	_____		
Sub-total	\$ _____	▶	\$ _____

Deduct:

Deferred tax debit balance	\$ _____		
Any deficit deducted in computing the shareholders' equity	_____		
Total deductions	\$ _____	▶	\$ _____

Capital for the year \$ _____ **F**

Note: In the case of a life insurance corporation, reserves are not to be added to arrive at its Capital for the year.

OR

NON-RESIDENT LIFE INSURANCE CORPORATION

To be completed by a life insurance corporation that was throughout the year not resident in Canada.
The total of the following amounts computed at the end of the year:

The amount that is the greater of :

- A) the amount, if any, by which its surplus funds derived from operations (as defined in subsection 138(12)) as of the end of the year, computed as if no tax were payable under Part I.3 or Part VI for the year, exceeds the total of all amounts each of which is
 - i) an amount on which it was required to pay, or would but for subsection 219(5.2) have been required to pay, tax under Part XIV for a preceding taxation year, except the portion, if any, of the amount on which tax was payable, or would have been payable, because of subparagraph 219(4)(a)(i.1) and
 - ii) an amount on which it was required to pay, or would but for subsection 219(5.2) have been required to pay, tax under subsection 219(5.1) for the year because of the transfer of an insurance business to which subsection 138(11.5) or (11.92) has applied, and \$ _____
- B) its attributed surplus for the year \$ _____

Any other surpluses relating to insurance businesses carried on in Canada _____

Long-term debt that may reasonably be regarded as relating to insurance businesses carried on in Canada _____

Sub-total \$ _____ (11)

Add the difference, if any, between the following:

Reserves for the year (other than reserves for amounts payable out of segregated funds) that may reasonably be regarded as having been established in respect of insurance businesses carried on in Canada \$ _____ (12)

Deduct:

The total of each reserve (other than a reserve described in subparagraph 138(3)(a)(i)) that was included in the amount determined in (12) above and was deducted in computing income under Part I for the year \$ _____

The total of each reserve described in subparagraph 138(3)(a)(i) that was included in the amount determined in (12) above and was deductible under subparagraph 138(3)(a)(i) in computing income under Part I for the year (13)

The total of each amount outstanding (including any accrued interest) as at the end of the year in respect of a policy loan (within the meaning of subsection 138(12)) made by the corporation that was deducted in computing the amount determined in (13) above _____

Total deductions \$ _____ ▶ _____ (14)

Difference (12) - (14) \$ _____ ▶ _____ (15)

Capital for the year (11) + (15) \$ _____ **F**

INVESTMENTS IN RELATED FINANCIAL INSTITUTIONS

To be completed by a corporation that was resident in Canada at any time in the year or by a life insurance corporation that was throughout the year not resident in Canada (see Note below) and, that has investments in related financial institutions.
 The carrying value to the corporation, of the following assets that are owned by the corporation at the end of the year and, in the case of a life insurance corporation, that are non-segregated properties within the meaning of subsection 138(12).

Any share of the capital stock of the related financial institutions \$ _____
 Any long-term debt of the related financial institutions \$ _____
 Sub-total \$ _____ ▶ \$ _____

Add :
 Amount of any surplus of the related institutions contributed by the corporation and not reflected in the carrying value of shares and long-term debts above \$ _____
 Total investments in related financial institutions \$ _____ **G**

Note: In the case of a life insurance corporation that was not resident in Canada throughout the year, the shares and long-term debts of related financial institutions should include only those used in the year in, or held by the corporation in the year in the course of, carrying on an insurance business in Canada.

TAXABLE CAPITAL

Capital for the year (Amount F from page 2) \$ _____
Deduct: Total investments in related financial institutions (Amount G), if any \$ _____
 Taxable Capital for the taxation year \$ _____ **H**

TAXABLE CAPITAL EMPLOYED IN CANADA

FINANCIAL INSTITUTION OTHER THAN A LIFE INSURANCE CORPORATION

Taxable Capital for the year (Amount H) \$ _____ X $\frac{\text{Canadian Assets at the end of the year}}{\text{Total Assets at the end of the year}}$ = \$ _____ **I**
 (Enter on page 1)

OR

CANADIAN RESIDENT LIFE INSURANCE CORPORATION

Taxable Capital for the Year (Amount H) \$ _____
 Add: Total of amounts described in clause 190.11(b)(i)(B) (amount DD from page 6) **J**
 Canadian Reserve Liabilities at year end **K**
 Total Reserve Liabilities at year end \$ _____ **L**
 Total of Amounts described in clause 190.11(b)(i)(E) (Amount EE from page 6) **M**
 J x K/(L+M) \$ _____ **(20)**

Add the difference, if any, between the following:

Reserves for the year (other than reserves for amounts payable out of segregated funds) that may reasonably be regarded as having been established in respect of insurance businesses carried on in Canada \$ _____ **(21)**

Deduct:
 The total of each reserve (other than a reserve described in subparagraph 138(3)(a)(i)) that was included in the amount determined in 21 above and was deducted in computing income under Part I for the year \$ _____ **(22)**

The total of each reserve described in subparagraph 138(3)(a)(i) that was included in the amount determined in 21 above and was deductible under subparagraph 138(3)(a)(i) in computing income under Part I for the year \$ _____ **(23)**

The total of each amount outstanding (including any accrued interest) as at the end of the year in respect of a policy loan (within the meaning of subsection 138(12)) made by the corporation that was deducted in computing the amount determined in 23 above \$ _____ **(24)**

Total deductions: Amounts (22) + (23) + (24) \$ _____ ▶ **(25)**

Difference (Amount (21) less Amount (25)) \$ _____ ▶ **(26)**

Amounts (20) + (26) \$ _____ **(27)**

$\left\{ \begin{array}{l} \text{Amount (27) minus} \\ \text{Amount (27) if no amount was added or deducted in respect} \\ \text{of deferred realized gains or losses in computing amount} \\ \text{(27) or capital for the year} \end{array} \right\} \times \frac{\text{number of days in the taxation year before 1996}}{\text{number of days in the taxation year}} =$ **(28)**

Taxable Capital Employed in Canada (amount (27) minus Amount (28)) **I**
 (Enter on page 1)

OR

NON-RESIDENT LIFE INSURANCE CORPORATION THROUGHOUT THE YEAR

Taxable Capital (Amount H) \$ _____ **(29)**

$\left\{ \begin{array}{l} \text{Amount (29) minus} \\ \text{Amount (29) if no amount was added or deducted in respect} \\ \text{of deferred realized gains or losses in computing capital for} \\ \text{the year} \end{array} \right\} \times \frac{\text{number of days in the taxation year before 1996}}{\text{number of days in the taxation year}} =$ **(30)**

Taxable Capital Employed in Canada (amount (29) minus Amount (30)) **I**
 (Enter on page 1)

Complete the area below to determine the components for the Calculation of Part VI Tax on page 1.

CAPITAL DEDUCTION			
Basic amount			\$200,000,000
Add: the lesser of	\$ 20,000,000	(31)	
AND			
the taxable capital employed in Canada (Amount I) for the year (see note 1)	\$ _____		
less	200,000,000		
sub-total	\$ _____		
1/5 of sub-total	\$ _____	(32)	
Lesser of amounts (31) and (32)			_____
Capital Deduction			\$ _____ (33)
Capital Deduction claimed by this institution (see note 2)			\$ _____ N
			(Enter on page 1)
Notes:			
1. In the case of financial institutions that are related at the end of the year, the taxable capital employed in Canada is equal to the aggregate of the taxable capital employed in Canada of each member institution of the related group for the year.			
2. In the case of a financial institution that is not related to another financial institution at the end of the year, the "Capital Deduction claimed by this institution" is amount (33) calculated above. In the case of financial institutions that are related at the end of the year, an agreement may be filed on behalf of the related group to allocate the capital deduction (amount (33)) among the members of the group. If such an agreement is made, form T2045 must be completed and filed with this return and the "Capital Deduction claimed by this institution" is the amount allocated to it.			

CAPITAL ALLOWANCE			
Basic amount			\$10,000,000
Plus the following: (See note 1 below)			
0.50 X [(lesser of \$50,000,000 and I) - \$10,000,000] = (If negative, enter zero)			_____
0.25 X [(lesser of \$100,000,000 and I) - \$50,000,000] = (If negative, enter zero)			_____
0.50 X [(lesser of \$300,000,000 and I) - \$200,000,000] = (If negative, enter zero)			_____
0.75 X (I-\$300,000,000) = (If negative, enter zero)			_____
Capital Allowance			\$ _____ (34)
Capital Allowance claimed by this corporation (See note 2)			\$ _____ O
Note:			
1) In the case of life insurance corporations that are related at the end of the year, amount I in each of the calculations above is equal to the aggregate of the taxable capital employed in Canada of each member corporation of the related group for the year.			
2) In the case of a life insurance corporation that is not related to another life insurance corporation at the end of the year, the capital allowance claimed by this corporation is amount (34) calculated above. In the case of life insurance corporations that are related at the end of the year, an agreement may be filed on behalf of the related group to allocate the capital allowance (amount (34)) among the members of the group. If such an agreement is made, form T2045(A) must be completed and filed with this return and the capital allowance claimed by this corporation is the amount allocated to it.			

ADDITIONAL TEMPORARY TAX ON LIFE INSURANCE CORPORATIONS			
Where the corporation is a life insurance corporation that carries on a business in Canada, subsection 190.1(1.1) imposes an additional Part VI tax on the taxable capital employed in Canada for a taxation year of life insurers in excess of their "capital allowance". See section 190.16.			
Taxable Capital Employed in Canada (Amount I from page 3)			\$ _____
Deduct: Capital Allowance claimed by the institution (Amount O above)			_____
Excess Amount			_____
Additional Temporary Tax: (.01) X Excess Amount			\$ _____ P
OR			
Amount P \$ _____ X	Number of days in the taxation year after February 25, 1992 and before 1999 (_____)	=	\$ _____ Q
	365		
Additional Temporary Tax (amount P or Q whichever is applicable)			\$ _____ R

ADDITIONAL TAX PAYABLE BY DEPOSIT-TAKING INSTITUTIONS			
Where the corporation is a financial institution (other than a life insurance corporation), subsection 190.1(1.2) imposes an additional Part VI tax on the taxable capital employed in Canada for a taxation year in excess of their "enhanced capital deduction". See subsection 190.17(1).			
Taxable Capital Employed in Canada (Amount I from page 3)			\$ _____
Deduct: Enhanced capital deduction claimed by the institution (Enter \$400,000,000 or, for related corporations, the amount allocated on Form T2045(B))			_____
Excess amount			_____
Additional Temporary Tax: (.0015) X Excess Amount			\$ _____ S
OR			
Amount S \$ _____ X	Number of days in the taxation year after February 27, 1995 and before November 1997 (_____)	=	\$ _____ T
	365		
Additional Temporary Tax (amount S or T whichever is applicable)			\$ _____ U

