- Private corporations can use this form to elect to have the provisions of subsection 83(2) apply to a dividend. For more information, see Interpretation Bulletins IT-66, Capital Dividends, and IT-149, Winding-up Dividend.
- An election under subsection 83(2) cannot exceed the balance of the capital dividend account (CDA). If the election amount exceeds the account balance, the corporation may be required to pay Part III tax on the excessive dividends. See page 2 for further information.
- In general for CDA purposes, a corporation's capital gain or loss from the disposition of a property is computed without reference to subparagraphs 52(3)(a)(ii) and 53(1)(b)(ii) of the Act.
- Mail one completed copy of this election, separately from any other return, to your tax services office on or before the earlier of:
- the day the dividend becomes payable; and
- the first day on which any part of the dividend was paid.

Find your tax service's office address by going to www.cra.gc.ca/tso.

- A capital dividend paid to a non-resident is subject to Part XIII withholding tax reported on an NR4, Statement of Amounts Paid or Credited to Non-residents of Canada.
- Where subsection $83(2.1)$ applies to treat a capital dividend as a taxable dividend received by a shareholder, that dividend will be considered to be a capital dividend in determining any liability of the corporation for Part III tax and in calculating the corporation's capital dividend account.
- If you are also filing an election under subsection 14(1.01) or 14(1.02), file it with this election or with your T2 Corporation Income Tax Return on or before your filing due date for the tax year.
- A disposition (includes sale) of eligible capital property (ECP) may result in an addition to your CDA. If there is an addition to the CDA, it will occur on the earliest day as follows:
a) If you are eligible and have made an election under subsection 14(1.01) or 14(1.02), the addition will occur on the date you made the 14(1.01) or 14(1.02) election.
b) In all other cases, the addition will occur on the last date of your tax year.
- There is an addition to the CDA (refer to the 8th bullet) on the disposition (includes sale) of ECP. If the addition creates or increases a positive amount in the CDA, the earliest date that portion can be paid out as a capital dividend is:
a) The date that you made the 14(1.01) or 14(1.02) election for an election referred to in (a), in the 8th bullet, or
b) The first day of the following tax year for situations referred to in (b), in the 8th bullet.

Important notes about filing an election under subsection 14(1.01) or 14(1.02)

- An election under subsection 14(1.01) or 14(1.02) cannot be late-filed, amended, or revoked, and you have to meet all of the following criteria:
a) The actual proceeds of the disposition are more than the original cost of the eligible capital property.
b) The eligible capital expenditure can be determined (goodwill is excluded).
- Parts, subsections, and subparagraphs mentioned on this form refer to the Income Tax Act and Income Tax Regulations.



## Required information

The full amount of the dividend for which this election is made* A
Capital dividend account immediately before this dividend becomes payable** . . . . . . . . . . . . . . . . . . . . . . . . . . . . . _ B
Excess amount, if any, subject to Part III tax (amount A minus amount B) . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . $\quad$ C (enter this amount on line G on page 2)
Date the dividend becomes payable $\qquad$
$\square$
First day on which any part of the dividend was paid (enter only if earlier than the payable date above)
Date of immediately previous election (if none, leave blank)
Is the corporation making an election under subsection 14(1.01) or 14 (1.02)?
Yes

No
Do not use this area
If yes, refer to the 7th, 8th, 9th or 10th bullets above for more information.
Total remittance accompanying this election (see page 2)

* Attach a certified copy of the resolution or authorization as required by regulation 2101 of the Income Tax Regulations.
** Attach a separate sheet of paper showing a detailed calculation of the capital dividend account - subsection 89(1). You do not have to file documentation to support the calculation of the capital dividend account with this election, but you have to keep it in case we ask to see it at a later date.
Required information continued on Page 2.


## Required information (continued)

Does the capital dividend account include any capital dividend received from another corporation since your last election or, if an election has never been filed, since the beginning of the calculation of your capital dividend account? $\square$
If yes, provide the following information for the other corporation.


## Late-filing penalty

According to subsection 83(4), a late-filing penalty will apply to an election filed after its due date.

## Calculation of late-filing penalty:



## Part III tax

Excess amount of dividend declared subject to Part III tax (amount $C$ on page 1) $\qquad$
$\qquad$ G

Part III tax
amount G $\qquad$ $\times 60 \%=$ $\qquad$ H

Note: The corporation may be able to avoid paying Part III tax by filing an election under subsection 184(3).

## Total payment accompanying this election


$\qquad$
Part III tax . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . amount H $\qquad$

Total payment accompanying this election (amount F plus amount H ) $\qquad$
(enter this amount in the space provided on page 1)
Make your cheque or money order payable to the Receiver General. To ensure proper credit, write "T2054" on the back of the cheque or money order, along with the business name, the business number and the corporation's tax year-end.

Note: Daily compound interest, at prescribed rates, applies to unpaid amounts, including late-filing penalties.

## Election certification

The corporation hereby elects to have the provisions of subsection 83(2) apply for the full amount of the dividend indicated herein. I certify that the information given in this election, and in all documents attached, is true, correct, and complete in every respect.


