

Election in Respect of a Capital Gains Dividend Under Subsection 131(1)

- A corporation that was throughout the taxation year in which a dividend became payable, a mutual fund corporation as defined under subsection 131(8), or an investment corporation as defined under subsection 130(3) can use this form to elect to have the provisions of subsection 131(1) apply to the dividend.
- Mail one completed copy of this election, separately from any other return, to your tax centre 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 centre's address by going to www.cra.gc.ca/tso
- *Regulation* 2104 contains instructions concerning the material to be filed with this election.
- Any amount paid in respect of the capital gains dividend for which this election is made is to be reported as a capital gains dividend on a T5 information return (T5 Slips and T5 Summary form) for the calendar year in which the payment was made. Any portion of the capital gains dividend received by a non-resident shareholder (or a partnership that is not a Canadian partnership) from a mutual fund corporation that represents a taxable Canadian property (TCP) gains distribution, is a taxable dividend and is subject to Part XIII tax. It is not deemed to be a capital gain.
- Parts and subsections mentioned on this form refer to the federal *Income Tax Act* and *Income Tax Regulations*.

Do not use this area

Corporation's name	Business Number
Address	Postal code
Name of person to contact for additional information	Tax services office
Mailing address (to be completed only if different from address above)	Telephone number

Required information

Date this dividend becomes payable (where applicable) 1

First day on which any part of the dividend was paid 2

Date of immediately previous election

Full amount of dividend in respect of immediately previous election

Deemed capital gains dividend

Full amount of the original dividend in respect of which this election is made A

Capital Gains Dividend Account at the time this dividend becomes payable B

Amount of dividend deemed to be a Capital Gains Dividend – lesser of amounts A and B C

Part III tax

Amount by which amount A exceeds amount B, if any D

Part III tax – 60% of amount D (enter "0" if not applicable) E

Note: An election may be made under subsection 184(3) to treat the excess as a separate taxable dividend. The election must be made in the manner prescribed in *Regulation* 2106 and within 90 days from the date of mailing of a *Notice of Assessment* in respect of the Part III tax that would otherwise be payable.

Late-filing penalty

Where the election is not filed on or before the earlier of date 1 and date 2 in the required information on page 1, it shall be deemed to have been made on the date required if made in the prescribed manner and prescribed form, and a penalty is paid on filing this election.

Amount A _____ x 1% x (N** ÷ 12) _____ F

\$500 x (N** ÷ 12) _____ G

Amount of late-filing penalty – lesser of F and G (enter "0" if not applicable) _____ H

** N equals the total number of months and part of a month (if applicable) during the period from the required filing date to the actual filing date. For example, if the penalty period begins on the 15th of a month, the next month or part month starts on the 15th of the next calendar month.

Amount of remittance accompanying this election

Part III tax – Amount E on page 1, if any _____ I

Late-filing penalty – Amount H above, if any _____ J

Amount owing – Amount I plus Amount J _____ K

Amount of remittance accompanying this election _____ L

Note: Unpaid taxes bear interest compounded daily at a prescribed rate.

Attachments

- A certified copy of the resolution or authorization as required by *Regulation 2104*.
- A schedule showing the computation of the Capital Gains Dividend Account – Amount B (subsection 131(6)).
- Attach a cheque or money order payable to the Receiver General for Amount L. Specify "T2055" on the remittance and to ensure proper credit, indicate the name, Business Number and taxation year of the corporation.

Do not use this area

Election and certification

The above-named corporation hereby elects to have the provisions of subsection 131(1) apply for the full amount of the dividend indicated above. I hereby certify that the information given in this election, and in all documents attached, is true, correct and complete in every respect.

Name of authorized officer

Position or office

Signature of authorized officer

Date yyyy/mm/dd

Privacy Act, personal information bank number CRA PPU 047