## Part V Tax Return - Tax on Non-qualified Investments of a Registered Charity

- Use this form if you are liable to tax under subsection 189(1). You are liable if interest paid within 30 days after the end of the tax year end on a debt owing that was a non-qualified investment of a registered charity that is a private foundation is less than the amount of interest that would be payable on the debt calculated using prescribed rates.
- Non-qualified investment and private foundation are defined in subsection 149.1(1).
- Mail two completed copies of this return, separately from any other return to your tax centre with any tax owing. Mail the copies on or before the day you are required, or would be required to pay tax, or to file a return of income under Part I;

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

- Penalties may apply if you file this return after the due date. These penalties and any unpaid taxes bear interest compounded daily at a prescribed rate.
- Parts, sections, and subsections referred to in this return are those of the Income Tax Act.


| Name of private foundation | BN/Registration number |
| :--- | :--- | :--- |
| Address | Telephone number |
| Name of person to contact for more information |  |

## Part V tax payable

Fill out the applicable schedules on pages 2 and 3 before completing this area.
Total minimum interest payable (from Schedule C) D
Deduct:
Interest paid for the tax year on the debts included in Schedule A E

Amount of dividends the private foundation received in the year on the shares included in Schedule B Sub-total (amount E plus amount F) G

Part V tax payable (Amount D minus amount G) (enter "0" if negative)

## Remittance

Total amount remitted (enter amount enclosed)

## Do not use this area

Attach a cheque or money order for the amount of the tax payable to the Receiver General. On the cheque or money order, write T2140 as well as the name and business number or social insurance number of the taxpayer whose account is to be credited.

## Certification

I hereby certify that the information given on this tax return, and on all documents attached, is true, correct, and complete in every respect.

## Information and instructions

- Non-qualified investments refer to certain categories of debt, shares, or rights if they are held by a private foundation. For a complete definition see subsection 149.1(1).
- Debts to which subsection 80.4(1) applies or would apply but for subsection 80.4(3); debts or shares of an excluded corporation; publicly-traded shares; and certain qualifying shares and the rights to acquire those shares are excluded when determining the tax payable under subsection 189(1).
- Under subsection $189(3)$, a share or a right to acquire a share of a corporation that is held by the private foundation and that is a non-qualified investment is deemed to be a debt the corporation owes to the private foundation when calculating the tax payable under subsection 189(1).
- You must calculate the minimum interest payable for each debt owing and for each class of shares or rights to acquire a particular class of shares held by the foundation that is deemed to be a debt owing to the foundation.

Schedule A
Summary of debts owing by taxpayers to the private foundation (at any time in the tax year):

| A <br> Description of debts: <br> (type of debt instrument, interest rates, repayment terms, etc.) | B <br> Amount owing <br> Interest paid * |  |
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Schedule B
Calculation of deemed debt owing for shares and rights held by the private foundation (at any time during the taxpayer's year):

| A <br> Description of shares and rights | B <br> Date acquired | C <br> Number held | D <br> Fair market <br> value * | E <br> Cost amount to <br> foundation ** | F <br> Deemed debt <br> owing *** | G <br> Dividends <br> received on shares |
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Calculation of minimum interest payable (calculate each debt/deemed debt owing):

| Amount of debt/deemed debt owing * | Minimum interest rate** \% | C |
| :--- | :--- | :--- |
|  |  | Minimum interest payable *** |
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* Enter amounts from schedules A and B.
** Subsections 189(2), 189(3) and 189(4)
(1) a debt owing, the interest rate is the least of:
(a) The rates required in regulation 4301 of the Income Tax Regulation for the period in the year the debt was outstanding and was a non-qualified investment of the foundation;
(b) the rate that would have been payable in an arm's length transaction if the foundation had been in the business of lending money; and
(c) where that debt was incurred before April 22, 1982, a yearly rate of $6 \%$ plus $2 \%$ for each calendar year after 1982 (not including the year to which this return applies).
(2) a share or right to acquire a share, $2 / 3$ of the rates required by law during the period in the tax year.
(3) a share or right to acquire a share that you last acquired before April 22, 1982, whichever is less:
(a) a yearly rate of $2 / 3$ of such rates required by law; or
(b) a yearly rate of $4 \%$ plus $1 \%$ for each of the five calendar years after 1982, that is $4 \%$ for the years 1983 to 1987; $5 \%$ for the years 1988 to 1992; 6\% for the years 1993 to 1997; 7\% for the years 1998 to 2002; 8\% for the years 2003 to 2007, $9 \%$ for the years 2008 to 2012; and 10\% for the years 2013 to 2017.
(4) If the debt/deemed debt owing was not outstanding throughout the year, the rate determined in (1), (2), or (3) above is to be pro-rated as follows:

> | Number of days in the period during |
| :---: |
| $\times \quad$ which the debt/deemed debt was owing |

Rate $\qquad$ Number of days in the tax year
*** Amount of debt/deemed debt owing multiplied by minimum interest rate.

