

Patronage Dividend Deduction (2006 and later tax years)

Corporation's name	Business number	Tax year-end Year Month Day
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- Use this form to claim a deduction from income for payments made to customers for allocations in proportion to patronage (patronage dividends) made within the year or within the following 12 months.
- Only co-operatives and credit unions are entitled to a deduction for patronage dividends paid to non-arm's length persons, except for prescribed payments.
- Do not include payments made to member customers in an agency relationship under contractual obligations.
- Generally, tax-deferred co-operative shares are particular types of shares that are issued after 2005 and before 2021 by an agricultural co-operative corporation to a person or partnership that is an eligible member of the agricultural co-operative corporation at the time of the issuance, under an allocation in proportion to patronage.
- File a completed schedule with the *T2 Corporation Income Tax Return* within six months of the end of the tax year.
- File an amended Schedule 16 for payments that are deductible in the tax year, but made to customers after filing this schedule.
- For more information, see Interpretation Bulletin IT-362, *Patronage Dividends*.

Part 1 – Details of patronage dividends paid and other information

	Member customers	Non-member customers
Payments to customers of the year	101	104
Payments to customers of a previous year	102	105
Totals	A	B

Were any of the above patronage dividends paid by an agricultural co-operative corporation in the form of tax-deferred co-operative shares? **150** Yes No

Total patronage dividends paid to all customers (total of amounts A and B) **109** _____ C

Total business transacted: a) with member customers **110** _____ % a
 b) with non-member customers **111** _____ % b
 Total (line 110 plus line 111) _____

Net income before patronage dividend deduction **112** _____ D

Percentage a _____ % × Amount D _____ = _____ c

Note: Keep all documents showing how the payment was made, the date(s) of payment, the date(s) of allocation, and the year(s) of the customer's patronage.

Were the patronage dividends calculated at the same rate to all customers (members and non-members), except to allow for different types, classes, grades or qualities of products, or services? **200** Yes No

Part 2 – Calculation for agricultural co-operative corporations

Complete this part if you answered **yes** to the question at line 150 above. If you answered **no**, leave it blank and go to Part 3.

Patronage dividends paid in the form of tax-deferred co-operative shares **209** _____ E

Amount c _____ × 85% = _____ F

Enter amount E or amount F, whichever is less _____ G

Add: Patronage dividends paid in the form of property other than tax-deferred co-operative shares (amount C minus amount E) _____ H

Amount used in the calculation of the patronage dividend deduction of an agricultural co-operative corporation. (amount G plus amount H) _____ I

Part 3 – Calculation of patronage dividend deduction

1. Deduction for current-year payments:

If you completed Part 2, enter amount I at line J. Otherwise, enter amount C from Part 1 at line J.

Total patronage dividends paid to all customers **J**

If you answered **yes** to the question at line 200 in Part 1, enter amount J at line K. Otherwise, calculate your patronage dividend deduction for current-year payments as follows:

Income attributable to member customers business (amount c from Part 1) **d**

Add: Patronage dividends credited to non-member customers of the year
(amount from line 104 in Part 1) **e**

Total (amount d plus amount e) **f**

Enter amount J or amount f, whichever is less (enter this amount at line K) **g**

Patronage dividend deduction for current-year payments **113** **K**

2. Deduction for amounts carried forward:

Balance of undeducted amounts carried forward from a previous year **114** **L**

Add: Undeducted amounts transferred on amalgamation or wind-up of a subsidiary **130** **M**

Total (amount L plus amount M) **N**

Income attributable to member customers business (amount C from Part 1) **h**

Less: Amount K minus amount from line 104 **i**

Total (amount h minus amount i) **▶** **O**

Portion of amount carried forward that is deductible in the current year
(amount N or amount O, whichever is less) **115** **P**

3. Patronage dividend deduction (amount K plus amount P) **116** **Q**

Enter amount from line Q on line 416 of Schedule 1.

Part 4 – Patronage dividends carried forward

Amount from line N **R**

Deduct: Portion of carryforward deducted in the current tax year (amount from line P) **S**

Subtotal (amount R minus amount S) **T**

Add: Portion of current-year payments eligible for carryforward (amount J minus amount K) **U**

Balance of patronage dividends available for carryforward (amount T plus amount U) **117** **V**

Part 5 – Calculation of income from an active business carried on in Canada (ABI)

Active business income (ABI) before patronage dividend deduction	118		W
If amount W is equal to amount D in Part 1, enter the patronage dividend deduction from line S in Part 3			X
If the amount W is different from the amount D, complete the following:			
Total patronage dividends (paid to all customers) attributable to the ABI	119		Y
ABI attributable to member customers business:			
Percentage a from Part 1 _____ % × amount W _____ =			Z
Add: Patronage dividends credited to non-member customers of the year and attributable to income earned from an active business	120		AA
		Total (amount Z plus amount AA)	BB
Patronage dividend deduction for current-year payments (enter amount Y or amount BB, whichever is less)	121		CC
Deduction for amounts carried forward:			
ABI attributable to member customer business (amount Z)			DD
Less: Amount CC minus amount AA			EE
		Total (amount DD minus amount EE)	FF
Portion of amount carried forward that relates to the active business carried on in Canada	122		GG
Amount carried forward that is deductible in the current year (enter amount FF or amount GG, whichever is less)	123		HH
Total of amounts CC and HH			II
Patronage dividend deduction (enter amount X or amount II, whichever applies)			JJ
Income from active business carried on in Canada (amount W minus amount JJ)	124		KK
Enter amount from line KK at line 400 of the T2 return.			