



Credit Union Deductions (2013 and later tax years)

Corporation's name	Business number	<table style="width:100%; border-collapse: collapse;"> <tr> <td style="text-align: center; border-bottom: 1px solid black;">Tax year end</td> </tr> <tr> <td style="text-align: center; border-bottom: 1px solid black;"> <table style="width:100%; border-collapse: collapse;"> <tr> <td style="width:33%; text-align: center; border-bottom: 1px solid black;">Year</td> <td style="width:33%; text-align: center; border-bottom: 1px solid black;">Month</td> <td style="width:33%; text-align: center; border-bottom: 1px solid black;">Day</td> </tr> </table> </td> </tr> </table>	Tax year end	<table style="width:100%; border-collapse: collapse;"> <tr> <td style="width:33%; text-align: center; border-bottom: 1px solid black;">Year</td> <td style="width:33%; text-align: center; border-bottom: 1px solid black;">Month</td> <td style="width:33%; text-align: center; border-bottom: 1px solid black;">Day</td> </tr> </table>	Year	Month	Day
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- For use by a credit union to calculate the deduction from income for bonus interest payments and payments pursuant to allocations in proportion to borrowing under subsection 137(2) of the federal *Income Tax Act*. You can also use it to calculate the additional deduction from Part I tax payable under subsection 137(3) of the Act.
- The expressions **allocation in proportion to borrowing**, **bonus interest payment**, and **maximum cumulative reserve** are defined in subsection 137(6) of the Act.
- Bonus interest payments and payments pursuant to allocations in proportion to borrowing are deductible if paid to the credit union's members within the tax year, or within the following 12 months, if these payments were not deductible under subsection 137(2) of the Act in calculating the income of the credit union for the immediately previous tax year.
- For more information, see Guide T4012, *T2 Corporation – Income Tax Guide*.
- If you need more space, attach additional schedules.

Part 1 – Allocations in proportion to borrowing claimed as a deduction for the tax year

Interest payable by all members of class	Amount of money borrowed by all members of class	Allocation in proportion to borrowing
100	200	300
1.		
2.		
3.		
4.		
5.		
Total		305

Part 2 – Bonus interest payments claimed as a deduction for the tax year

Interest payable to all members of class	Amount of money on deposit by all members of class	Bonus interest payments
110	210	310
1.		
2.		
3.		
4.		
5.		
Total		315

Total of lines 305 and 315 _____ **A**

Enter amount A on line 315 of Schedule 1, *Net Income (Loss) for Income Tax Purposes*.

Part 3 – Additional deduction

Taxable income for the tax year (from line 360 of the *T2 Corporation Income Tax Return*) **500** _____ B

4/3 × maximum cumulative reserve at the end of the tax year **600** _____

Minus: Preferred-rate amount at the end of the previous tax year (amount G below) _____

Total (if negative, enter "0") **C**

Amount B or C, whichever is less _____ D

Minus: Amount on line 400, 405, 410, or 425 on page 4 of the T2 return, whichever is the least **625** _____

Total (if negative, enter "0") **E**

Amount E _____ × $\frac{\text{Number of days in the tax year before March 21, 2013}}{\text{Number of days in the tax year}}$ = **1**

Amount E _____ × $\frac{\text{Number of days in the tax year after March 20, 2013 and before January 1, 2014}}{\text{Number of days in the tax year}} \times 80\%$ = **2**

Amount E _____ × $\frac{\text{Number of days in the tax year in 2014}}{\text{Number of days in the tax year}} \times 60\%$ = **3**

Amount E _____ × $\frac{\text{Number of days in the tax year in 2015}}{\text{Number of days in the tax year}} \times 40\%$ = **4**

Amount E _____ × $\frac{\text{Number of days in the tax year in 2016}}{\text{Number of days in the tax year}} \times 20\%$ = **5**

Note: For days in the tax year after December 31, 2016, the additional deduction is eliminated.

Subtotal (total of amounts 1 to 5) **F**

Additional deduction (amount F multiplied by 17%) **650** _____

Enter the amount from line 650 on line 628 of the T2 return.

Part 4 – Preferred-rate amount at the end of the tax year

Preferred-rate amount at the end of the previous tax year **700** _____
(enter the amount from line 800 of Schedule 17 from the previous tax year, if applicable)

Preferred-rate amount transferred on amalgamation/wind-up **750** _____

Subtotal (line 700 plus line 750) **G**

Small business deduction for the tax year
(line 430 of the T2 return) a

Plus: Additional deduction for credit unions (line 650 above) ... b

Total c

Amount c _____ × 100/17 = H

Preferred-rate amount at the end of the tax year (amount G plus amount H) **800** _____