



Canada Revenue  
Agency

Agence du revenu  
du Canada

# Guide for the Partnership Information Return (T5013 Forms)

# 2022

## Find out if this guide is for you

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This guide gives general information on how to fill out the partnership information return, its related schedules and forms, and the T5013 slips and summary for the partners that are members of the partnership.

The partnership information return is used to report any fiscal data about the allocation of net income, losses, and other amounts from the partnership's activities to its members. It is also used by specified investment flow-through (SIFT) partnerships to calculate the tax payable under Part IX.1.

Income Tax Folio S4-F16-C1, What is a Partnership?, can help you determine if your arrangement is a partnership. As noted in that folio, the existence of a partnership must be determined by reference to the partnership law of the relevant province or territory.

For the purposes of this guide, the partnership information return includes the following:

- Form T5013 FIN, Partnership Financial Return, and the related schedules and forms
- Form T5013 SUM, Summary of Partnership Income, and T5013, Statement of Partnership Income slips

In this guide, the initialism CRA refers to the Canada Revenue Agency.

### Confidentiality of information

Under the Privacy Act, the information you provide on the partnership information return and related forms and schedules can be used only for the purposes authorized by law.

### Legislative references

Unless otherwise stated, all legislative references are to the Income Tax Act or, where appropriate, to the Income Tax Regulations.

The CRA's publications and personalized correspondence are available in braille, large print, e-text, or MP3 for those who have a visual impairment. For more information, go to [canada.ca/cra-multiple-formats](http://canada.ca/cra-multiple-formats) or call **1-800-959-5525**.

This guide uses plain language to explain the most common tax situations. It is provided for information only and does not replace the law.

La version française de ce guide est intitulée Guide pour la déclaration de renseignements des sociétés de personnes (formulaires T5013).

## What's new

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We list the service enhancements and major changes below, including announced income tax changes that were not law when this guide was published. If they become law as proposed, they will be effective for 2022 or as of the dates given.

### Carbon capture, utilization, and storage (CCUS)

#### Investment tax credit for carbon capture, utilization, and storage

CCUS is a suite of technologies that capture carbon dioxide (CO<sub>2</sub>) emissions from fuel combustion, industrial processes, or directly from the air, to either store the CO<sub>2</sub> or use it in industry. A new CCUS refundable tax credit is proposed for businesses that incur eligible expenses after 2021 and before 2041.

#### CCA for CCUS

Four new classes of depreciable property are proposed.

Class 57 would have an 8% declining balance rate. It would apply to expenses incurred for certain property that is part of a CCUS project (including monitoring or control equipment) and that is to be used solely for capturing CO<sub>2</sub>, for transporting captured carbon, or for storing captured carbon in a geological formation.

Class 58 would have a 20% declining balance rate. It would apply to expenses incurred for certain property that is part of a CCUS project, such as equipment that is used solely for using CO<sub>2</sub> in industrial production (including monitoring and control equipment).

Class 59 would have a 100% rate and apply to expenses incurred after 2021 for determining the existence, location, extent, or quality of a geological formation to permanently store captured carbon in Canada (excluding enhanced oil recovery). This includes expenses for environmental studies or community consultations.

Class 60 would have a 30% declining balance rate and generally apply only to expenses incurred after 2021 in drilling, converting, or completing a well in Canada for the permanent storage of captured carbon (excluding enhanced oil recovery), and various other related expenses.

### COVID-19 support programs

For information on support programs related to COVID-19, go to [canada.ca/en/departement-finance/economic-response-plan](https://canada.ca/en/departement-finance/economic-response-plan).

### Capital cost allowance (CCA) for clean energy equipment

CCA classes 43.1 and 43.2 are expanded to include air-source heat pumps primarily used for space and water heating. This applies to property that is acquired and that becomes available for use after April 6, 2022. See page 44.

### Flow-through shares for oil, gas and coal activities

The flow-through share regime is being eliminated for oil, gas, and coal activities, effective for expenditures under flow-through share agreements entered into after March 31, 2023. See page 66.

### Critical mineral exploration tax credit

The critical mineral exploration tax credit (CMETC) is a new 30% investment tax credit for the exploration of specified minerals. Eligible expenditures renounced under eligible flow-through share agreements that are entered into after April 7, 2022, and before April 1, 2027, will benefit from either the CMETC or the mineral exploration tax credit. See page 67.

### Mandatory disclosure rules

Under proposed changes, the existing **reportable transaction** rules will be strengthened and new requirements will be introduced to **report notifiable transactions** including related penalties for each failure to meet these reporting requirements. These proposed changes were to apply to transactions entered into after 2022. However, the federal government has announced that it intends to delay the coming into force date until the date on which a bill implementing these changes receives Royal Assent. For the existing reportable transaction rules, see "Information reporting of tax avoidance transactions" on page 8.

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## Chapter 1 – General information

To find our publications, including forms, schedules, income tax interpretation bulletins (ITs), and information circulars (ICs), go to [canada.ca/cra-forms-publications](https://canada.ca/cra-forms-publications).

### Find out if you have to file a partnership information return

Under subsection 229(1) of the Regulations, all partnerships that carry on business in Canada or are Canadian partnerships or specified investment flow-through (SIFT) partnerships, must file a partnership information return. However, under CRA administrative policy, certain partnerships that carry on business in Canada or are Canadian partnerships are not required to file a partnership information return.

For more information on SIFT partnerships, see pages 10 and 94.

**Reference**  
Regulation 229(1)

**Partnerships that carry on business in Canada and Canadian partnerships** – A partnership that carries on a business in Canada, or a Canadian partnership with Canadian or foreign operations or investments, **must file** a return if either of the following occur:

- at the end of the fiscal period, the partnership has an **absolute value** of revenues plus an absolute value of expenses of more than \$2 million, or has more than \$5 million in assets
- at any time during the fiscal period:
  - the partnership is a tiered partnership (has another partnership as a partner or is itself a partner in another partnership), or
  - the partnership has a corporation or a trust as a partner, or
  - the partnership invested in flow-through shares of a principal-business corporation that incurred Canadian resource expenses and renounced those expenses to the partnership, or
  - the minister of National Revenue requests one in writing

#### Notes

The absolute value of a number refers to the numerical value of the number without regard to its positive or negative sign. To determine if a partnership exceeds the \$2 million threshold, add total worldwide expenses to total worldwide revenues rather than subtract expenses from revenues as you would to determine net income.

The cost figure of all assets worldwide, both tangible and intangible, without taking into account the depreciated amount should be used to determine whether a partnership meets the criterion of “more than \$5 million in assets.”

Form T5013 FIN, and the schedules T5013 SCH 1, T5013 SCH 50, T5013 SCH 100, T5013 SCH 125, T5013 SCH 140 (if applicable) and T5013 SCH 141, as well

as the T5013 slips and Form T5013 SUM are all mandatory. However, the T5013 SCH 141 is not mandatory for investment clubs.

#### Example 1 – Partnership has more than \$2 million in absolute value of revenues and expenses

WXYZ is a Canadian partnership with five members who are all individuals.

For the fiscal period ending December 31, 2022, WXYZ had \$1.5 million of revenue, \$1.25 million in expenses and net income of \$250,000. The partnership’s total of assets is \$2 million before depreciation.

WXYZ **has to file** a return and give each partner a T5013 slip because the absolute value of revenues (\$1.5 million) and expenses (\$1.25 million) is more than \$2 million.

#### Example 2 – Partnership is a tiered partnership

ABCD is a Canadian partnership with two members: Sawyer who is an individual, and Phoebe Properties which is itself a partnership carrying on a business in Canada.

For the fiscal period ending December 31, 2022, ABCD had \$950,000 in revenue and \$400,000 in expenses for a net profit of \$550,000.

ABCD **has to file** a return and give each partner a T5013 slip because one of its two partners is a partnership.

Phoebe Properties has four members who are all individuals.

For the fiscal period ending December 31, 2022, the business operated by Phoebe Properties had \$1 million in revenue, \$600,000 in expenses and net income of \$400,000. It allocated \$168,750 to each partner under the partnership agreement (\$68,750 from ABCD plus \$100,000 from Phoebe Properties).

Phoebe Properties **has to file** its own return because it is a partner in another partnership.

#### Example 3 – Partnership has a corporation (or a trust) as a member

EFGH is a Canadian partnership with three members: Newmarket Maple Inc., ABCD Trust, and Steven who is an individual. Newmarket Maple Inc. is a corporation carrying on a business in Canada.

For the fiscal period ending December 31, 2022, EFGH had a net income of \$1,350,000.

EFGH **has to file** a return and give each partner a T5013 slip because the partners include a corporation and a trust.

#### Example 4 – Partnership is not a tiered partnership, has \$2 million or less in absolute value of revenues and expenses, and less than \$5 million in assets

Beta Hand Crafts is a new Canadian partnership with 10 members who are all individuals.

For its first fiscal period ending December 31, 2022, Beta Hand Crafts had \$750,000 in revenue, \$500,000 in expenses and net income of \$250,000. The total of assets is \$1.5 million before depreciation.

Beta Hand Crafts **does not have to file** a return because the absolute value of its revenues and expenses (\$1,250,000)

does not exceed the \$2 million threshold, it does not have more than \$5 million in assets, it is not a tiered partnership, it does not have corporations or trusts as partners, and it has not invested in flow-through shares of a principal-business corporation that incurred Canadian resource expenses and renounced those expenses to the partners.

Beta Hand Crafts has 2 options for advising its 10 partners of their share of net income:

**Option 1:** Beta Hand Crafts can give each of its partners a copy of its financial statements for the fiscal period.

**Option 2:** Beta Hand Crafts can fill out a return voluntarily and issue each partner a T5013 slip.

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**Limited partnerships that invested in flow-through shares** – A limited partnership may have invested in one of the following:

- **only** in flow-through shares
- **in** flow-through shares **and** also in other property

In each of the above situations, the partnership **must file** a return for the applicable fiscal period.

As a result of the partnership's investment in flow-through shares, the partnership may or may not have the following renunciations to allocate to the partners:

- renounced resource expenses
- reductions to the amounts previously renounced
- amounts of assistance

### **Nominees and agents who hold an interest in a partnership for another person**

**Requirement to file** – Every person who holds an interest in a partnership as a nominee or agent for another person has to fill out and file with the CRA a **separate** Form T5013 SUM and the related T5013 slips for **each** partnership in which an interest is held for another person.

**Reference**  
Regulation 229(3)

**Investor's slips** – The information required on slips T5013, Statement of Partnership Income, that the nominee or agent issues to their investors **must** reconcile with the information provided on the T5013 slips the partnership issued to the nominee or agent.

### **Forms nominees or agents have to file**

The following prescribed forms and information must be filed with the CRA:

- Form T5013 SUM, Summary of Partnership Income
- a copy of all the T5013 slips issued by the nominee or agent to each person (investor) for whom the nominee or agent holds an interest

For more information about filing information returns electronically, go to [canada.ca/taxes-iref](http://canada.ca/taxes-iref).

## **Investment clubs on the modified-partnership basis**

**Requirement to file** – An investment club on the modified-partnership basis that meets any of the filing criteria has to file a return. For more information on the filing criteria, see “Find out if you have to file a partnership information return” on page 6.

An investment club on the modified-partnership basis that does not meet any of the filing criteria does not have to file a return.

**Reporting income** – A club receives investment income for its members which must be included in calculating the income of each member on a calendar-year basis. On the modified-partnership basis, a club and its members are treated as if each member owned a partnership interest in the club instead of an undivided interest in each asset of the club.

This modified-partnership basis permits the determination of capital gains and losses at the club level, as if the club were a partnership owning property and realizing capital gains and losses. These gains or losses, together with any other income such as dividends or interest, are allocated to the members in the year in which they are received by the club.

**References**  
Information Circular IC73-13, Investment Clubs and its Special Release

## **Partnerships that do not have to file a partnership information return**

When all members of a partnership are registered or entitled to be registered under the Indian Act, and the partnership earns all its income at its permanent establishment on a reserve, the partnership does not have to file a return.

If the partnership has any income earned off-reserve and the income is not exempt from tax, the partnership may have to file a return. To determine if you need to file a return, go to [canada.ca/t5013-filing-requirements](http://canada.ca/t5013-filing-requirements).

For more information on the tax exemption under section 87 of the Indian Act, go to [canada.ca/en/revenue-cra-agency/services/indigenous-peoples/information-indians](http://canada.ca/en/revenue-cra-agency/services/indigenous-peoples/information-indians).

## **Who is responsible for filing**

Once you determine that your partnership has to file a return, **each member** of the partnership is responsible for making sure that a return is filed for each fiscal period of the partnership.

You need to file only one return for each fiscal period of the partnership. Any partner can file on behalf of the other partners. The partner who is filing the return on behalf of all the members of the partnership is the **authorized partner**. Once a partner files a return, we consider all partners to have filed it.

**References**  
Regulations 229(1) and 229(2)

## Important reporting information for partners

If the partnership has to file a return, the partners have to use the information from the T5013 slips issued by the partnership to report their share of partnership income or loss on their income tax or partnership information returns.

### Note

If the partnership does not have to file a return, the partners have to use the information from the partnership's financial statements to report their share of the partnership's income or loss on their income tax return.

The partners use the information on the T5013 slips to prepare the following returns:

- **Individuals** – T1 Income Tax and Benefit Return
- **Corporations** – T2 Corporation Income Tax Return
- **Trusts** – T3 Trust Income Tax and Information Return
- **Partnerships** – T5013 FIN Partnership Financial Return

### Note

Partnership income or loss allocated to the partners (for example, business, rental, or investment income) keeps its source identity. For example, dividend income earned by a partnership is dividend income for the partners. The T5013 slip follows the principle of keeping the source identity of the income.

**Individuals** – Partners who are individuals have to calculate the income and expenses from their business activities by using one or more of the forms listed below that apply to them:

- T2125, Statement of Business or Professional Activities
- T2121, Statement of Fishing Activities
- T2042, Statement of Farming Activities

### Participation in AgriStability and AgriInvest programs:

For farming activities in **Quebec**, individuals should contact their provincial AgriStability and AgriInvest Program Administration in Quebec.

For farming activities in **Alberta, Prince Edward Island, and Ontario**, use forms:

- T1163, Statement A – AgriStability and AgriInvest Programs Information and Statement of Farming Activities for Individuals
- T1164, Statement B – AgriStability and AgriInvest Programs Information and Statement of Farming Activities for Additional Farming Operations

For farming activities in **British Columbia, Saskatchewan, Manitoba, New Brunswick, Nova Scotia, Newfoundland and Labrador**, and the **Yukon**, use forms:

- T1273, Statement A – Harmonized AgriStability and AgriInvest Programs Information and Statement of Farming Activities for Individuals
- T1274, Statement B – Harmonized AgriStability and AgriInvest Programs Information and Statement of Farming Activities for Additional Farming Operations

If the partnership has non-business rental income or loss from property, we encourage partners who are individuals to use the following form to report their share of that income or loss:

- T776, Statement of Real Estate Rentals

If partners also own other rental properties as proprietors, they will have to combine their share of partnership rental income or loss with the total of their own rental income or loss after expenses, but before capital cost allowance (CCA). The partner may then claim CCA on their own rental properties (subject to the fixed rates) only to the extent of the combined net rental income, if any.

If the partnership is a tax shelter, a partner who is an individual (other than a trust) has to use the following form to claim any loss or expense for the year from the tax shelter:

- T5004, Claim for Tax Shelter Loss or Deduction

### Partner's reporting responsibilities for Examples 1, 2, 3, and 4 starting on page 6:

- Partners who are **individuals** have to fill out Form T2125, using the information from the financial statements or the T5013 slip(s) received from the partnership(s), and follow the instructions provided in Guide T4002, Self-employed Business, Professional, Commission, Farming and Fishing Income. Partners that are individuals who receive a T5013 slip have to attach it to their T1 Income Tax and Benefit Return
- Partners that are **trusts** can choose to use Form T2125. If they choose not to use this form, they have to include a copy of the T5013 slip with their T3 Trust Income Tax and Information Return
- Partners that are **partnerships** have to file a partnership information return and provide T5013 slips to their members
- Partners that are **corporations** have to use the General Index of Financial Information to report their financial information. They have to keep a copy of the T5013 slip(s) in case we ask for it at a later date

## Information reporting of tax avoidance transactions

Taxpayers, advisors, and promoters who engage in certain tax avoidance transactions have to follow reporting requirements. For the purposes of these requirements, taxpayers include individuals, corporations, trusts and partnerships.

In general, a transaction is reportable if it is an avoidance transaction or if it is a transaction that is part of a series of transactions and at least two of the following three hallmarks are met:

- the promoter or advisor (or any person who does not deal at arm's length with the promoter or advisor) has or had an entitlement to certain types of fees (for example, fees that are based on the amount of the tax benefit, contingent on obtaining a tax benefit, or attributable to the number of participants)



- the promoter or advisor (or any person who does not deal at arm's length with the promoter or advisor) obtains or obtained certain confidential protection with respect to the transaction or series of transactions
- the taxpayer, the promoter or advisor, or another person who entered into the transaction for the benefit of the taxpayer (or any person who does not deal at arm's length with them) has or had contractual protection for the transaction or series of transactions (otherwise than as a result of certain types of fees described above)

An avoidance transaction is a transaction that, except for the general anti-avoidance rule (GAAR), results in a **tax benefit**, either by itself or as part of a series of transactions, unless the transaction may reasonably be considered to have been undertaken or arranged primarily for bona fide purposes other than to obtain a **tax benefit**.

The definition of **tax benefit** and avoidance transaction for the purposes of the GAAR in section 245(3) of the Act applies to these transactions.

A reportable transaction does not include a transaction that is, or is part of a series of transactions that includes the acquisition of a tax shelter or issuance of a flow-through share for which an information return has been filed with the minister under subsections 237.1(7) or 66(12.68).

Form RC312, Reportable Transaction Information Return, has to be filed on or before June 30 of the calendar year following the calendar year in which the transaction first became a reportable transaction for the person. If the return is not filed when required, the reassessment period is extended by three years after the date the return is filed. A waiver may be filed with the CRA within this extended period.

The scope of an assessment, reassessment, or additional assessment during this extended reassessment period is limited to the tax benefit. There may be additional provincial or territorial reporting requirements depending on your province or territory of residence.

For more information, see Form RC312, Reportable Transaction Information Return.

Failure to report could result in the suspension of the tax benefit and a penalty for the failure to report.

**Reference**  
Section 237.3

## Tax avoidance through the use of partnerships

Two measures have been enacted to ensure that partnerships cannot be used to circumvent the intended application of sections 88 and 100.

The first measure denies a section 88 bump in respect of a partnership interest to the extent that the accrued gain is reasonably attributable to the amount by which the fair market value of income assets exceed their cost amount. This measure applies where the income assets are held directly by the partnership or indirectly through another partnership. For this purpose, assets directly owned by a taxable Canadian corporation, the shares of which are held

by the partnership, will not be considered to be indirectly held by the partnership.

The application of section 100 has been extended to the sale of a partnership interest to a non-resident person, unless the partnership is carrying on business in Canada through a permanent establishment in which at least 90% of the assets of the partnership are used. In such cases, the income assets remain within the Canadian income tax base. This second measure also clarifies that section 100 applies to dispositions made directly or indirectly as part of a series of transactions, to a tax-exempt or non-resident person.

**References**  
Subsection 100(1)  
Subparagraph 88(1)(d)(ii.1)

## Additional information

### International tax and thin capitalization rules

In general, the thin capitalization rules limit the deductibility of interest expenses of a corporation or trust in circumstances where the amount of debt owing to certain non-residents exceeds a 1.5-to-1 debt-to-equity ratio.

#### Partnerships

The thin capitalization rules include debts owed by partnerships of which a corporation or trust is a member. In particular, for the purpose of determining the corporation's or trust's debt-to-equity ratio under the thin capitalization rules, debt obligations and property of the partnership will be allocated to its members based on their proportionate interest in the partnership.

In circumstances where the partner's permitted debt-to-equity ratio is exceeded, the partnership's interest deduction will not be denied but an amount will be included in computing the income of the partner from a business or property, as appropriate. The source of this income inclusion will be determined by reference to the source against which the interest is deductible at the partnership level. This inclusion will equal the amount of the interest on the portion of the allocated partnership debt that exceeds the permitted debt-to-equity ratio.

For corporate partners, the income inclusion under these rules is deemed to be a dividend paid by the corporate partner to the non-resident recipient of the interest and is subject to Part XIII withholding tax.

**Reference**  
Subsection 18(7)

#### Example

PQRS 1 and PQRS 2 are Canadian-resident corporations and equal partners in a partnership that earns income from a business. PQRS 1 is wholly owned by Forco, a non-resident corporation.

The PQRS 1 shares owned by Forco have paid-up capital of \$4,000, but PQRS 1 has no other capital for the purposes of the thin capitalization rules. Forco lends \$3,000 to the partnership and lends \$8,500 directly to PQRS 1.

PQRS 1 has a 50% interest in the partnership and will therefore be allocated 50% of the partnership loan (\$1,500) for thin capitalization purposes. PQRS 1 has capital of

\$4,000 and is considered to have outstanding debts to a specified non-resident (Forco) of \$10,000 (\$8,500 debt owed by PQRS 1 to Forco plus \$1,500 in debt allocated from the partnership).

With a permitted debt-to-equity ratio of 1.5-to-1, PQRS 1 has \$4,000 of total excess debt—that is,  $(\$10,000 - 1.5 \times \$4,000) \div \$10,000$ , or 2/5, of \$10,000. This 2/5 ratio is applied to interest on the debt owed directly to Forco by PQRS 1 as well as the debt allocated from the partnership to determine how much interest is denied, or added back to income, respectively. Accordingly, 2/5 of the interest deduction in respect of the \$8,500 direct loan from Forco will be denied and an amount equal to 2/5 of the deductible interest expense, in respect of the \$1,500 debt allocated from the partnership, will be required to be included in computing the income of PQRS 1 from the partnership's business.

## Functional currency reporting – Election under section 261

When a corporation that elects to report in a functional currency is a member of a partnership, that partnership has to use the same functional currency when preparing the T5013 slip for this corporate partner.

If a partnership has one member that has made the election and another partner that has not elected, or has elected to use a different functional currency, the partnership is required to prepare the T5013 slip, for the partners who made an election under section 261 in their elected functional currency.

The functional currency is reported in box 205 of the T5013 slip.

A functional currency is a currency of a country other than Canada that is both:

- a qualifying currency, currently:
  - the British pound (GBP)
  - the euro (EUR)
  - the Australian dollar (AUD)
  - the U.S. dollar (USD)
- the primary currency in which the taxpayer maintains its records and books of account for financial reporting purposes for the tax year

### References

Subsections 261(1), (3), (5), and (6)

## Specified investment flow-through partnerships

A specified investment flow-through (SIFT) partnership is liable to pay tax under Part IX.1, section 197 of the Act. For this purpose, the partnership information return is considered as the Part IX.1 tax return which is required to be filed by a SIFT partnership under subsection 197(4).

Part IX.1 tax applies on a SIFT partnership's **taxable non-portfolio earnings**. The tax rate under Part IX.1 reflects the general federal corporate rate for the tax year minus the

corporate rate reduction that would apply for the tax year and minus the provincial or territorial abatement for the taxable income earned in a province or territory, plus a provincial or territorial SIFT tax rate.

If a SIFT partnership is liable for tax under Part IX.1 for a tax year, the amount of income that will be subject to tax in the hands of the members of the partnership under Part I will be reduced. This is because paragraph 96(1.11)(a) modifies the wording of paragraph 96(1)(f) where Part IX.1 tax is payable so as to reduce the allocation of partnership income to a member of the partnership by an amount representing the member's share of the **taxable non-portfolio earnings**. The difference between the partnership's **taxable non-portfolio earnings** for the tax year and the tax payable by the partnership for the tax year under Part IX.1 is deemed to be a dividend received by the partnership from a taxable Canadian corporation. This deemed dividend is allocated to the members of the partnership in the same proportion as the taxable non-portfolio earnings.

The result is that members of the partnership who are "residents of Canada" will be deemed to have received an "eligible dividend" that qualifies for the enhanced dividend tax credit (in the case of individuals) or that qualifies for inclusion in the general rate income pool (in the case of corporations). A partner that is a corporation resident in Canada may also be eligible for a dividend deduction under section 112.

The amount of "eligible dividend" is to be reported in box 132 of the T5013 slip.

### References

Sections 112 and 197  
Subsections 89(1) and 96(1.11)  
Paragraph 96(1)(f)

## How to calculate Part IX.1 tax

Every partnership that is a SIFT partnership for a tax year is liable to a tax under Part IX.1 equal to the amount determined by the following formula:

$$A \times (B + C)$$

where:

- A represents the taxable non-portfolio earnings of the SIFT partnership for the tax year
- B represents the net corporate income tax rate in respect of the SIFT partnership for the tax year
- C represents the provincial or territorial SIFT tax rate of the SIFT partnership for the tax year

For more information about SIFT partnerships, go to [canada.ca/complete-form-t5013](http://canada.ca/complete-form-t5013).

### References

Section 112  
Subsection 197(2)

## Tax shelters

### Applying for a tax shelter number

Tax shelter promoters must apply for a tax shelter identification number from the CRA using the prescribed Form T5001, Application for Tax Shelter Identification Number and Undertaking to Keep Books and Records.

The CRA will issue a tax shelter identification number when an application is received, if the application includes:

- all the information required by the Act
- an undertaking that is satisfactory to the minister of national revenue for the custody of the tax shelter's books and records. We will usually accept an undertaking by the promoter responsible for the tax shelter's books and records to keep such documents at the promoter's usual place of business in Canada

#### References

Subsections 237.1(2) and (3)

### The right time for a promoter to apply for a tax shelter number

For any tax shelter for which an application for a tax shelter identification number was made on or after March 29, 2012, promoters can sell or issue, or accept consideration for the tax shelter only if:

- the minister has issued before that time an identification number for the tax shelter
- that time is during the calendar year designated by the minister as being applicable to the identification number

Tax shelter identification numbers that were applied for before March 29, 2012, (or that had been issued as of that date) were only valid until the end of 2013. For applications made on or after March 29, 2012, the tax shelter identification number will be valid only for one designated calendar year.

#### Reference

Subsection 237.1(4)

### The tax shelter identification number

The tax shelter identification number consists of two letters (TS) followed by a six-digit number.

This number does **not** confirm that an investor is entitled to claim any tax benefits associated with the tax shelter.

We use the tax shelter identification number for administrative purposes only.

#### Reference

Subsection 237.1(5)

### Providing a tax shelter identification number

Tax shelter promoters have to make reasonable efforts to ensure that they provide the identification number assigned to a tax shelter to every person who acquires an interest, or invests, in a tax shelter:

- For a sale or issuance of an interest by any tax shelter promoter, or the acceptance of a contribution to the gifting arrangement, the promoter has to provide the identification number to the purchaser directly
- For subsequent sales of interests in the tax shelter, for which the promoter is not directly involved, the promoter's duty will normally be satisfied by clearly including the identification number on each certificate of ownership

#### Reference

Paragraph 237.1(5)(a)

### Mandatory statement

Also, every tax shelter promoter has to include the following statement on every written document that refers to the issuance of the tax shelter number by the CRA:

- Where the statement or return is wholly or partly in English:

“The identification number issued for this tax shelter shall be included in any income tax return filed by the investor. Issuance of the identification number is for administrative purposes only and does not in any way confirm the entitlement of an investor to claim any tax benefits associated with the tax shelter.”

- Where the statement or return is wholly or partly in French:

« Le numéro d'inscription attribué à cet abri fiscal doit figurer dans toute déclaration d'impôt sur le revenu produite par l'investisseur. L'attribution de ce numéro n'est qu'une formalité administrative et ne confirme aucunement le droit de l'investisseur aux avantages fiscaux découlant de cet abri fiscal. »

- Where the statement or return includes neither English nor French, include both the English and French statements described above

#### Reference

Paragraph 237.1(5)(c)

### Statement of earnings prepared

Each promoter who prepares a statement of earnings for a tax shelter must prominently display the tax shelter identification number on the upper right hand corner of any statement of earnings. If an identification number is not obtained in advance, no person may claim any loss, deduction, or credit for the tax shelter until the number is obtained, and the promoter pays a penalty. Tax shelter investors have to provide the tax shelter identification number on their claim for tax benefits for any investment in a tax shelter.

#### Note

We will **deny** tax benefits claimed by tax shelter investors if they invest in a tax shelter arrangement that **does not** have a tax shelter identification number.

#### Reference

Paragraph 237.1(5)(b)

### Identifying tax shelter participants

The promoter of a tax shelter has to keep a list of participants showing the name, address, and identification number of each participant.

### Multiplication of the small business deduction

In general, the small business deduction that a Canadian-controlled private corporation (CCPC) that is a member of a partnership can claim in respect of its income from the partnership is limited by the specified partnership income (SPI) rules to the lesser of the active business income (ABI) that it receives as a member of the partnership (its “partnership ABI”) and its pro-rata share of a notional \$500,000 business limit for the partnership (its

“SPI limit”). A CCPC’s specified partnership income is added to its active business income from other sources, if any, and the CCPC can generally claim the small business deduction on the total (subject to its annual business limit).

In order to address concerns about partnership structures that multiply access to the small business deduction, the SPI rules have been expanded for tax years that begin after March 21, 2016. In general, for the purpose of the SPI rules:

- A CCPC that is a member of a partnership will have its ABI from providing (directly or indirectly, in any manner whatever) services or property to the partnership included in its “partnership ABI” and thus subject to the limitation under the SPI rules
- The SPI rules are expanded to apply to a CCPC that is not a member of a partnership if it is a “designated member” (a defined term) of the partnership. Where the CCPC is a designated member of a partnership, its ABI from providing (directly or indirectly, in any manner whatever) services or property to the partnership will be subject to the SPI rules as if it was a member except that the SPI limit of a designated member of a partnership will initially be nil (as it does not receive any allocation of income from the partnership). However, if certain conditions are met, any person (including an individual) that is a member of the partnership and does not deal at arm’s length with the designated member of the partnership will be entitled to notionally assign to the designated member all of or a portion of the actual member’s SPI limit in respect of a fiscal period of the partnership that ends in the designated member’s tax year

A CCPC will be considered to be a designated member of a partnership if it is not otherwise a member of the partnership in the tax year, and it provides (directly or indirectly, in any manner whatever) services or property to the partnership at any time in the tax year, and if one of the following tests is met:

- One of the shareholders of the CCPC has a direct or indirect interest in the partnership
- The CCPC does not deal at arm’s length with a person that has a direct or indirect interest in the partnership, and it is not the case that all or substantially all of the CCPC’s ABI for the tax year is from providing services or property to arm’s length persons or partnerships (other than the partnership and any partnership in which a person that does not deal at arm’s length with the CCPC has a direct or indirect interest)

### Assigning specified partnership business limit

A person that is a member of a partnership may assign to a designated member of the partnership all or any part of the person’s specified partnership business limit if:

- a prescribed form is filed with the minister of national revenue by:
  - the designated member in their return of income for the designated member’s tax year, and

- the person in their return of income for the person’s tax year

If you are a CCPC that is a designated member or a CCPC making an assignment to another CCPC, you must file the T2 SCH 7, Aggregate Investment Income and Income Eligible for the Small Business Deduction. If you are an individual, a trust, or a corporation that is **not** a CCPC, and you are making an assignment to a designated member, you must file the T2 SCH 7, and complete only Table 1 (columns A1, B1, C1, G1, H1 and J1) and Table 3 to make this assignment. We will accept either the T2 SCH 7, with Tables 1 and 3 completed, or a letter providing the same information that is required on the T2 SCH 7.

**Reference**  
Subsection 125(8)

### Example

Kerry and Chris are married. Kerry owns 100% of K Co. Chris owns 100% of C Co.

Kerry and Leslie each have a 50% interest in a limited liability partnership (LLP) that provides accounting services to the public. Leslie deals at arm’s length with Kerry and Chris. None of K Co, C Co, or Chris is a member of the LLP.

The LLP has \$200,000 of net income to allocate to its members. K Co and C Co each earn \$400,000 from providing accounting services to LLP.

### Leslie

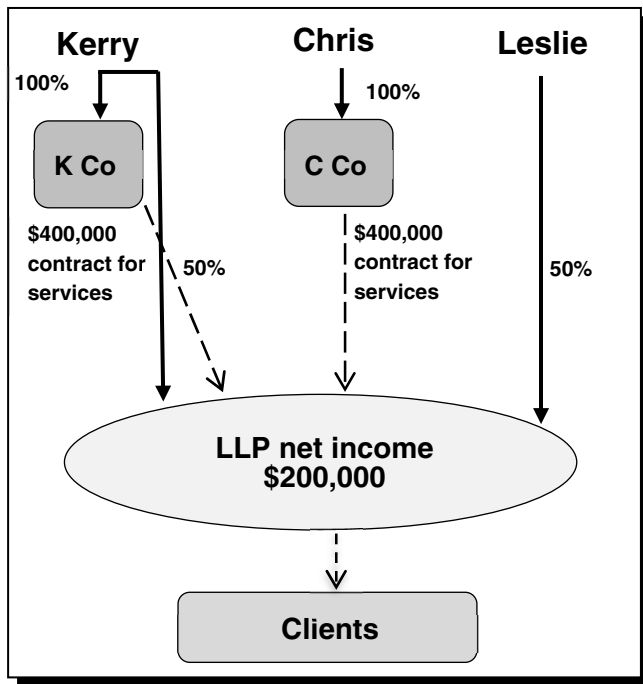
- Leslie is taxable on \$100,000 at personal income tax rates

### Kerry/K Co

- Kerry is taxable on \$100,000 at personal income tax rates
- K Co is a designated member of LLP because it provides services to LLP and its shareholder (Kerry) is a member of LLP
- The full \$250,000 of Kerry’s SPI limit is assigned by Kerry to K Co; that is, 50% of the partnership’s \$500,000 business limit is what Kerry’s SPI limit would be if Kerry were a corporation. Alternatively, Kerry could have assigned all or a portion of his \$250,000 SPI limit to C Co
- For K Co, only \$250,000 of the \$400,000 is eligible for the small business deduction. The remaining \$150,000 of income is not eligible for the small business deduction and is taxable at the general federal corporate tax rate

### Chris/C Co

- C Co is a designated member of LLP because it does not deal at arm’s length with Kerry and provides services to LLP
- For C Co, since C Co is a designated member of LLP and the full \$250,000 of Kerry’s SPI limit has been assigned by Kerry to K Co, the whole \$400,000 is not eligible for the small business deduction and is taxable at the general federal corporate tax rate



## Mandatory electronic filing

### Failure to file information returns over the Internet

If you file more than 50 information returns for a calendar year and you do not file the returns by Internet file transfer or Web Forms, you may have to pay a penalty determined as follows:

| Number of information returns (slips) by type | Penalty |
|---|---------|
| 51 to 250                                     | \$250   |
| 251 to 500                                    | \$500   |
| 501 to 2,500                                  | \$1,500 |
| 2,501 or more                                 | \$2,500 |

Each slip is an information return, and the penalty we assess is based on the number of information returns filed in an incorrect way. The penalty is calculated according to the type of information return. For example, if you file 51 NR4 slips and 51 T4 slips on paper, we will assess two penalties of \$250, one for each type of information return.

## Chapter 2 – Filing methods

Internet filing is available from January 9, 2023. You **must** file information returns by Internet **if you file more than 50 information returns (slips)** for a calendar year.

If you use commercial or in-house software to manage your business, you can file up to **150 MB** by Internet file transfer. Using tax preparation software, you can file your return in extensible markup language (XML). All you need is a web browser to connect to the Internet, and your software will create, print, and save your electronic information return in XML format.

For example, a service bureau can file multiple returns in one submission, provided the total submission does not exceed the 150 MB restriction. For information about this filing method, contact your software publisher or go to [canada.ca/taxes-iref](https://canada.ca/taxes-iref).

#### Note

If your return is more than 150 MB, you can either compress your return or divide it so that each submission is no more than 150 MB.

## Web access code

You may need a web access code to file information returns over the Internet. If you do not remember your web access code or you need a code for a new account, go to [canada.ca/taxes-iref](https://canada.ca/taxes-iref) and select “Web access code,” or call **1-800-959-5525**.

You do not need a web access code if you file your returns through My Business Account or Represent a Client. Electronic filing, without a web access code, is available to business owners using the “File a return” service in My Business Account at [canada.ca/my-cra-business-account](https://canada.ca/my-cra-business-account) and to authorized representatives and employees through Represent a Client at [canada.ca/taxes-representatives](https://canada.ca/taxes-representatives). Original and amended returns are accepted for fiscal periods ending in 2013 and later.

## Web Forms (slips and summary only)

Our Web Forms application is free and secure. You can fill out an information return for the T5013 Summary and slips easily with Web Forms, following the step-by-step instructions.

Web Forms lets you:

- file **up to 100 slips** (original, additional, amended, or cancelled) from our website
- calculate all of the totals for the summary
- create electronic information return containing slips and a summary, which can be saved and imported at a later date
- print all your slips and your summary
- validate data in real time

After you submit your information return for the T5013 Summary and slips, you will receive a confirmation number that will be your proof that we received it.

To start using this application or to get more information about Web Forms, go to [canada.ca/taxes-iref](http://canada.ca/taxes-iref).

## Elections and other paper forms

If you have to file an election; or any other paper form with your return and you are filing your partnership information return electronically, unless otherwise specified, send the documents to your tax centre. Clearly identify your partnership's name, account number and the applicable fiscal period end on the documents.

Form T661 can now be filed electronically, via Submit Documents in My Business Account, or by Internet file transfer using tax preparation software from January 2023.

## Paper filing

We strongly encourage you to file your return online. However you can file your T5013 financial return, schedules, and summary, as well as up to 50 slips on paper.

Fill out **one copy** of the T5013 slip for each partner and send them with your T5013 Summary. Enter the information for two different partners on one sheet. You must keep a copy of the T5013 slips and the T5013 Summary for your files.

Send the T5013 financial return, schedules, summary and slips to:

Prince Edward Island Tax Centre  
275 Pope Rd  
Summerside PE C1N 6A2

**Reference**  
Information Circular IC97-2, Customized Forms

## How to fill out the forms and schedules of the return

Use the following instructions to prepare your return in order to help us process it efficiently and quickly:

- Type or print the data and information wherever possible. If you prepare your return by hand, print clearly
- Enter the account number and the fiscal period end of the partnership in the designated boxes of the forms and schedules and on every other document you need to attach with your Form T5013 FIN
- Enter all amounts in Canadian dollars, unless the partnership has to report the income or loss of one or more partners using the partner's elected functional currency. For more information, see "Functional currency reporting – Election under section 261" on page 10
- Income from foreign countries – Report all income from foreign countries in Canadian dollars, unless the partnership has to report the income or loss of one or more partners using the partner's elected functional currency

If you do not enter all the information requested in each area, we will contact you to get the missing information, or ask you to send us an amended form. Missing information

can delay the processing of the partnership's information return or the partner's return.

If more than 12 other information financial fields or more than 4 text fields are required on the T5013 slips, create a second slip to report the additional amounts.

## Partnership account number

A partnership account number has three parts and 15 characters: the 9-digit business number (BN); the 2-letter information return program identifier RZ; and a 4-digit reference number to identify each account a business may have. A partnership account number looks like this: 123456789RZ1234.

**Partnerships** – If you file your return on paper, you must enter your partnership account number on the following documents:

- Form T5013 FIN, and on all the related T5013 schedules
- Form T5013 SUM, T5013 slips, and all financial statements issued to the partners
- all correspondence regarding the partnership that you send to the CRA

**Nominee or agent** – If you are a **nominee** or an **agent** who holds an interest in a partnership for another person, you will have to file Form T5013 SUM and the T5013 slips for each partnership in which you are holding an interest for another person. You must therefore register for a T5 group RZ account number.

The account number used can be an existing T5 group account number, an existing T5 group number with a new extension (last 4 digits of the 15-character RZ) or a new business number.

You do not have to register for an RZ account number for each partnership in which you are holding an interest.

For more information on the requirements applicable to nominees or agents, see "Nominees and agents who hold an interest in a partnership for another person" on page 7.

## How to get a partnership account number

You can register for a business number (BN) and one or more CRA program accounts at the same time.

**Online** – You can register for a BN with Business Registration Online (BRO). If you already have a BN but do not have an RZ program account number, you can get one with BRO. To register online or to find out more about online registration, go to [canada.ca/business-registration-online](http://canada.ca/business-registration-online).

**By mail** – You can register for a BN by completing Form RC1, Request for a Business Number and Certain Program Accounts. You must select the "Partnerships Group" program account type and the T5013 Partnership Information Return. A nominee or agent who files Form T5013 SUM and slips must register for a T5 group RZ account number.

Send the completed Form RC1 to your nearest tax centre.

**By phone** – You can register for a BN and CRA program accounts by calling **1-800-959-5525**.

Before calling, be ready to answer all the questions in Part A of Form RC1, and any other questions on the form that relates to the accounts you want to open.

If you already have a BN, but do not have an RZ program account, be ready to answer all the questions in Form RC1.

## AgriStability and AgriInvest programs

The CRA is not the primary administrator of the AgriStability and AgriInvest programs. For more information on these programs, go to [agr.gc.ca/agristability](http://agr.gc.ca/agristability) and [agr.gc.ca/agriinvest](http://agr.gc.ca/agriinvest).

## How to distribute the forms

After you fill out the forms and schedules included in the return, you have to send them to the relevant recipients.

## To the Canada Revenue Agency

Send all of the following:

- the completed original of Form T5013 FIN, Partnership Financial Return
- the completed original of Form T5013 SUM, Summary of Partnership Income

### Note

If you do not already have a partnership account number, you must apply for one before filing your return. For more information, see “How to get a partnership account number” on page 14.

- the original copy of all slips T5013, Statement of Partnership Income
- the completed original of the T5013 SCH 1, Net Income (Loss) for Income Tax Purposes
- the completed original of the T5013 SCH 50, Partner’s Ownership and Account Activity
- the completed original of the T5013 SCH 100, Balance Sheet Information
- the completed original of the T5013 SCH 125, Income Statement Information
- the completed original of the T5013 SCH 141, Financial Statement Notes Checklist
- one copy of the notes to the financial statements for the fiscal period, if applicable (if filing paper returns)

### Note

If you file electronically, do **not** send the paper copy of the notes to the financial statements to your tax centre. If we need the notes to your financial statement, we will ask for them.

- any other forms or documents when they apply

### Note

Full disclosure is required on all documents relating to the return. All the information requested in this return and supporting documents is **prescribed information**.

**The nominees or agents must send all of the following:**

- the completed original of Form T5013 SUM
- the original copy of all T5013 slips

## To the members of the partnership

Mail two copies of the T5013 slips to the last known address of each partner, with a copy of the slip instructions for the recipient, or deliver them in person. Do this on or before the day you have to file the return.

### Note

You can send recipients an electronic copy of their T5013 slips and instructions (T5013-INST). However, each recipient has to consent in writing or by email to receive the slips electronically.

Reference  
Regulation 209

## The partnership and nominees or agents

Keep one copy of each form that you send to the CRA for your records.

## Chapter 3 – After you file

### What you need to know after filing your partnership information return

When we receive your partnership information return, we check it to see if you have prepared it correctly. After an initial review, we enter your return into our processing system, which captures the information and performs various validity and balancing checks. If there are any discrepancies, we may contact you.

### Keeping records

Keep your paper and electronic records for a period of **six years** from the end of the last tax year to which they relate. However, if you want to destroy them before the period is over, fill out Form T137, Request for Destruction of Records.

For more information, go to [canada.ca/taxes-records](http://canada.ca/taxes-records).

### References

Subsections 230(4), 230(4.1), 230(5), and 230(6)  
Regulation 5800  
Information Circular IC05-1, Electronic Record Keeping  
Information Circular IC78-10, Books and Records Retention/Destruction

### Review and audit

We do in-depth reviews or audits of partnership information returns that are filed, including all supporting records.

Our officials are authorized to examine or audit partnership records. They will show you an official identification card before beginning a review. This protects the partnership and its partners from unauthorized people gaining access to confidential information. For more information on the audit process, see Information Circular IC71-14, The Tax Audit.

If you want us to contact an independent representative (such as an accountant or lawyer) about the audit, you have to authorize us to do so.

## Notice of assessment

We will issue a notice of assessment for the return only if we apply a penalty, or if an amount of tax is payable under section 197, Tax on SIFT Partnerships.

## Filing a formal dispute

If a partnership disagrees with an assessment or a determination, the authorized partner can object.

Filing an objection is the first step in the formal process of resolving a dispute. The authorized partner has 90 days after the date of the notice of assessment or notice of determination to file an objection.

The partner can file an objection by using one of the following options:

- making an online submission, by visiting My Business Account or Represent a Client on the CRA web pages, and selecting “Register a formal dispute (Notice of Objection)” under “Partnerships”
- sending a completed Form T400A, Notice of Objection – Income Tax Act, or a signed letter to the chief of appeals at your appeals intake centre

For more information about objections and appeals, see Guide P148, Resolving your dispute: Objection and appeal rights under the Income Tax Act, or go to [canada.ca/cra-file-objection](http://canada.ca/cra-file-objection).

**References**  
Section 165  
Subsection 165(1.15)

## Amending your return

If you find an error in any part of your return after filing it, or received information that should have been included in the return, send us your amended return via one of the following methods.

### Using tax preparation software and the electronic filing method

Use your tax preparation software to make changes to your return (Form T5013 FIN, schedules, the T5013 slips and Form T5013 SUM). Save a new XML file and upload it to us through the My Business Account service for business owners at [canada.ca/my-cra-business-account](http://canada.ca/my-cra-business-account) or through Represent a Client at [canada.ca/taxes-representatives](http://canada.ca/taxes-representatives) for authorized representatives and employees.

You can also upload your XML file through the Internet file transfer service. This service can be found on our website by going to [canada.ca/taxes-iref](http://canada.ca/taxes-iref) and selecting “How to file.”

### Filing on paper

Send a letter explaining the changes along with an amended return.

Enter all the data in the same way as on the original return except for the areas that you are changing. Answer “Yes” to line 040 on page 1 of the amended Form T5013 FIN, and tick (✓) the “Amended” box on the top right hand corner of all the amended T5013 schedules, other forms or documents you are submitting. If a form or document does not have an “Amended” box to tick, clearly print the word “AMENDED” at the top of the form or document.

Send the amended return to:

Prince Edward Island Tax Centre  
275 Pope Rd  
Summerside PE C1N 6A2

Do **not** adjust any current year forms for errors made in a previous year.

If the error has an impact on the partnership’s net income or loss for a previous year, amend the previous year’s return and issue amended T5013 slips to the partners and the CRA. The partners should ask us to adjust their returns for the previous year. These types of errors can affect each partner’s tax payable for the previous year.

## Amending or cancelling slips

If after filing your T5013 slip, you notice an error on a slip, you will have to prepare an amended slip to correct the information. Provide copies to the recipient. **Do not** include slips that have no changes.

### Note

You must also send your amended slips in the same format as you sent your original slips (for example, if you sent your original slip electronically, you must send your amended slip electronically).

If the amended or cancelled slips affect the partnership financial return, you must file an amended partnership financial return with your tax centre.

### Amending or cancelling slips electronically

To amend a slip electronically, **only** change the information that is incorrect. Use summary report type code “A” and slip report type code “A.”

To cancel a slip, do not change any information that was contained on the original slip. Use summary report type code “A” and slip report type code “C.”

For more information on how to amend or cancel information returns electronically, go to [canada.ca/taxes-iref](http://canada.ca/taxes-iref).

### Amending or cancelling slips by paper

At the top of each slip, clearly write “AMENDED” or “CANCELLED.” Fill in all the necessary boxes, including the information that was correct on the original slip. Send two copies of the slips to the recipient. Send one copy of the slips to your tax centre with a letter explaining why the slip was amended or cancelled.

### Adding slips electronically

If after you filed your T5013 slips electronically, you find you have slips you did not file with your initial submission,



send them to us electronically. For more information on adding slips electronically, go to [canada.ca/taxes-iref](https://canada.ca/taxes-iref).

#### Note

Any additional T5013 slips you file after the due date may result in a late filing penalty.

### Adding slips on paper

If you file additional slips on paper, clearly write “ADDITIONAL” at the top of each new slip. Send one copy to the recipient and one copy to your tax centre.

#### Notes

If you file more than 50 T5013 slips (including any additional slips) for the same calendar year, you should file the additional slips electronically.

If you file any additional T5013 slips after the due date, you may have to pay a late filing penalty.

If the additional slips you filed have an impact on the partnership financial return, you must file an amended partnership financial return with your tax centre.

### Replacement slips

If you issue T5013 slips to replace copies that are lost or destroyed, clearly write “DUPLICATE” on them. Do **not** send us copies of these slips, but keep them for your records.

### Amending, cancelling, or adding slips without a web access code

You can amend, cancel, and file more slips (up to 150 MB for Internet file transfer, and up to 100 slips for Web Forms) using the “File a return” service at:

- My Business Account at [canada.ca/my-cra-business-account](https://canada.ca/my-cra-business-account), if you are the business owner
- Represent a Client at [canada.ca/taxes-representatives](https://canada.ca/taxes-representatives), if you are an authorized representative or employee

## Chapter 4 – Due dates

### Annual return

The due date for filing an annual return (including distributing the T5013 slips) depends on the type of partners, including end members of a tiered partnership. You must mail the recipients’ copies of the T5013 slips, deliver them in person, or send them electronically no later than the day you have to file the return.

#### Due dates

- **March 31** after the calendar year in which the fiscal period of the partnership ended if, throughout the fiscal period:
  - all partners are individuals, including end members of tiered partnership, and investment clubs that file on the modified-partnership basis. We consider a **trust** to be an individual

- **Five months after the end of the partnership’s fiscal period** if, throughout the fiscal period:

- all partners are corporations, including end members of a tiered partnership

- **In all other cases, the earlier of:**

- March 31 after the calendar year in which the fiscal period of the partnership ended

- the day that is five months after the end of the partnership’s fiscal period

#### Example

The due date is five months after the end of the fiscal period.

| Fiscal period end | Filing due date |
|-------------------|-----------------|
| March 31          | August 31       |
| June 30           | November 30     |
| September 23      | February 23     |
| September 30      | February 28     |
| October 2         | March 2         |

#### References

Section 249.1  
Subsections 102(2) for subdivision j, and 237.1(7.1)  
Regulations 209 and 229(5)  
Information Circular IC73-13, Investment Clubs

### Final return

If a partnership ends its operations on or before the usual end of its fiscal period, file any outstanding returns no later than the **earlier of:**

- 90 days after the date the partnership ended all business or activity
- the date the partnership would otherwise have had to file a return if it had not ended all business or activity

#### Reference

Regulation 229(6)

#### Example

NTC Systems is a partnership with six partners, all individuals. In the first fiscal period of the partnership an election was made to use a January 31 fiscal period end.

Under ordinary circumstances, the partnership would have filed the return for the fiscal period ending on January 31, 2022 no later than March 31, 2023.

However, on June 30, 2022, NTC Systems ended its business and the partnership ceased to exist. Since the partnership ended its business on June 30, 2022, it has two fiscal periods ending in the 2022 calendar year.

As a result, NTC Systems has to file two returns, both due on September 28, 2022 (90 days after June 30, 2022):

- one for the full fiscal period ending January 31, 2022
- one for the short fiscal period from February 1 to June 30, 2022

If a partnership ceases to exist, each partner who is an individual can elect to have a fiscal period end on the usual date, as if the partnership has not ended. However, the election is only for calculating the individual's income for the tax year and does not affect the due date of the return.

This election **cannot** be made if the election under subsection 249.1(4) has been made to use an off-calendar fiscal period under the alternative method.

If the partnership is a tax shelter and does not have to file a partnership return because it does not meet the filing criteria, and it files Form T5003SUM, Tax Shelter Information Return, then the due date of the T5003 return is the earlier of:

- on or before the last day of February of the following calendar year
- 30 days after the day it discontinues its activities

#### Note

If the due date falls on a Saturday, Sunday or a public holiday, your information return is due on the next business day. Note that several provinces and territories have their own unique holidays. Therefore, due dates depend on where you reside. For a list of public holidays, go to [canada.ca/en/revenue-agency/services/tax/public-holidays](http://canada.ca/en/revenue-agency/services/tax/public-holidays).

#### References

Subsections 99(2) and 237.1(7.2)

**How to change the partnership's fiscal period end** – The partnership's fiscal period is the same from year to year unless you have received approval to change the fiscal period.

To change an established fiscal period, write a letter to your tax services office asking for approval and explaining the reasons for the change. A partnership is not permitted to adopt a floating fiscal period. A fiscal period that ends on "the last Friday of December" is an example of a floating fiscal period. You do not need approval to change the fiscal period in some situations, including when the partnership has wound up and you are filing its final return with an abbreviated fiscal period.

#### References

Section 249.1(7)  
Paragraph 249.1(1)(d)

## The CRA can determine the income or loss of the partnership

We can determine the following:

- any income or loss of the partnership for a fiscal period and any deduction or other amount, or
- any other matter that is relevant in determining the income, taxable income, or taxable income earned in Canada, of any member of the partnership for any tax year, within **three years** after the day that is the later of:
  - the day on or before which a member of the partnership is required to file an information return for a fiscal period of the partnership
  - the day the return is filed

#### References

Subsections 152(1.4) and 152(1.7)

## Notice of determination

Subsection 152(1.4) of the Income Tax Act allows the CRA, for a fiscal period of a partnership, to make a determination (which includes a redetermination) of any income, loss, deduction, or other amount in respect of the partnership. Where a determination is made, we issue a notice of determination to the partnership and to each person who was a member of the partnership during the fiscal period.

A determination is not invalid just because one or more persons who were members of the partnership during the period did not receive the notice of determination.

#### References

Subsections 152(1.5) and 152(1.6)

## Partnership waivers

The CRA **cannot** determine an amount if more than three years have passed since the deadline for filing the relevant partnership information return, or more than three years have passed since the day it is actually filed, whichever is later. However, where the CRA obtains a waiver from each partner, the time period for making a determination is extended. If one or more of the partners does not provide a waiver, and, as a result, the period cannot be extended, a determination will need to be made by the CRA using only the information that is available to us at that time. The provision of a waiver is at the discretion of the taxpayer.

There are circumstances under which it is better for both the CRA and the partners of a partnership to waive the three-year time limit. Obtaining the required waivers from all members of the partnership can be difficult; therefore, a single partner may be designated to file the waiver on behalf of all the partners.

## Date when we consider the partnership information return to be filed

If you file electronically, we will consider the T5013 return to be filed on the date that you successfully submit the return electronically to the CRA. The CRA will provide you with a confirmation number as proof that your return was filed.

If you mail a paper return, we will consider it to be filed on the date the envelope is postmarked.

If you deliver the return to our secure drop-off box at your tax services office or tax centre, we will consider it to be filed on the day you delivered it.

You will be liable for a penalty under subsection 162(7.1) if you file a return late. See "Late filing" on page 19.

## Date when we consider income tax, penalty, and interest payments to be effective

Where the partnership has to pay income tax, penalty or interest, we consider any payment to have been made on the day we receive it, and not on the day you mail it.

Your payment due date may fall on a Saturday, a Sunday, or a statutory holiday. If so, we will consider the payment as being received on time if we receive it on the first business day after the due date. For more information on the statutory holidays, go to [canada.ca/en/revenue-agency/services/tax/public-holidays](http://canada.ca/en/revenue-agency/services/tax/public-holidays).

## Due dates for publicly traded partnerships to post their financial information on the CDS Innovations Inc. website

A public partnership or a public investment partnership is required to make information available with respect to allocations of income, losses, and capital so that the return can be prepared on a timely basis.

This information is to be made available by posting it by the **due date** (explained on page 17) on the website of CDS Innovations Inc., a subsidiary of the Canada Depository for Canadian Securities Limited. Partnerships that require access to the website's upload facility in this respect should send a request by email to [cdsinnovations@cds.ca](mailto:cdsinnovations@cds.ca).

Each member of the partnership is responsible to make public the partnership's financial information on the CDS Innovations Inc. website. Once an authorized partner has made the required information public, we consider all partners to have fulfilled their obligation to do so.

Note that this reporting requirement is separate from and does not replace the CRA's filing requirements and due date for the return.

The **due date** for posting the required information is as follows:

- in the case of a public partnership that is **not** a public investment partnership at any time in the fiscal period, the day that is the earlier of:
  - 60 days after the end of the calendar year in which the fiscal period ends
  - four months after the end of the fiscal period
- in the case of a public partnership that is a public investment partnership at any time in the fiscal period, the day that is 67 days after the end of the calendar year in which the fiscal period ends

These partnerships are also required to notify the CRA of the date their tax information was posted on the CDS Innovations Inc. website by emailing the notification to [PUBTRFOG@cra-arc.gc.ca](mailto:PUBTRFOG@cra-arc.gc.ca).

Reference  
Regulation 229.1

## Chapter 5 – Penalties

### Late filing

**Partnership** – If a T5013 partnership information return, or any part of it, is filed late, the partnership is subject to a penalty for each failure to file on time. We consider the return filed on time if we receive it or it is postmarked on or

before the due date. The penalty is \$25 per day, from a minimum of \$100 to a maximum of \$2,500.

#### Note

The penalty is applicable separately on each mandatory form being part of the return, which includes each of the slips.

**Partners and partnership** – Every partner (including a nominee or agent who holds an interest in the partnership for another person) or partnership who fails to file an information return as and when required by the Act or the Regulations or fails to comply with a duty or obligation imposed by the Act or the Regulations (including distributing any slips late to the recipients) is liable to a penalty for each failure. Generally, the penalty for each failure is \$25 per day, with a minimum penalty of \$100 and a maximum of \$2,500.

The partnership may also be subject to a penalty for failure to file the respective information return reporting foreign property, foreign affiliates, non-arm's length transactions with non-residents or distributions from and indebtedness to a non-resident trust.

#### References

Subsections 162(7), 162(7.1), 162(10), 162(10.1), 233.1(3), 233.3(3), 233.4(4), and 233.6(1)  
Regulations 209(1), 229(1), (2), and (3)  
Form T106, Information Return of Non-Arm's Length Transactions with Non-Residents  
Form T1134, Information Return Relating to Controlled and Not-Controlled Foreign Affiliates  
Form T1135, Foreign Income Verification Statement  
Form T1141, Information Return in Respect of Contributions to Non-Resident Trusts, Arrangements or Entities  
Form T1142, Information Return in Respect of Distributions from and Indebtedness to a Non-Resident Trust

### Late-filing penalty under subsections 66(12.74) and 66(12.75)

**Partnership** – If you file the T5013 SCH 52 late, the partnership is subject to penalties from \$100 up to \$30,000. The partnership must pay this penalty when filing the return. Calculate this penalty on the T5013 SCH 52, and send your cheque payable to the Receiver General for Canada with your return.

#### References

Subsections 66(12.69), 66(12.691), 66(12.74), and 66(12.75)

### Repeated failure to file

**Partnership** – You are liable for an additional penalty of \$100 for each member, multiplied by the number of months or part months (to a maximum of 24 months) during which the return is not filed. This additional penalty will apply if all of the following conditions are met:

- We have already assessed the partnership a penalty for failing to file a partnership information return for that fiscal period
- We have formally demanded the return (or information required to be contained in the return) from a partner for that fiscal period
- We have assessed the partnership a penalty for failing to file a partnership information return in any of the three preceding fiscal periods

## Offences and punishment

**Partners (including a tax shelter promoter)** – If no member files a return as required under the Act or the Regulations, each partner may be guilty of an offence. If convicted, in addition to any other penalty, each partner could be liable to one of the following:

- a fine from \$1,000 up to \$25,000
- a fine from \$1,000 up to \$25,000 and imprisonment up to 12 months

Reference  
Subsection 238(1)

## Failure to provide social insurance numbers (SINs), business numbers (BNs), or other information

The partnership is liable for penalties for each failure if information required to be provided on a form is missing. Penalties for failing to give SINs, BNs, and other information also apply to the partners.

**Partnership** – Anyone who prepares a partnership return, or any other information return, has to make a reasonable effort to get the necessary information, including identification numbers from the individuals, corporations, trusts or partnerships resident in Canada who will receive the T5013 slips.

If you do not do this, the partnership and each partner may be subject to a \$100 penalty for each failure. The penalty does not apply if an individual has applied for, but has not yet received, a SIN when the partnership files the information return.

We may ask to see documents to prove you made a reasonable effort to get the identification numbers. Therefore, you should keep any documents to prove you made a reasonable effort to get your investors' SIN (for example, using registered mail). When you send a request by mail, you should keep a record of the date of the request, an example of the request form, and the names of the people you contacted.

**Partners** – Persons or partnerships have to give their identification number on request to anyone who has to prepare a slip for them. A person or partnership that does not comply with this requirement is subject to a \$100 penalty for each failure.

A person or partnership that does not have an identification number has 15 days from the date of receipt of an information request to apply for one. After receiving the identification number, the person or partnership has 15 days to provide it to the person who is preparing the slips.

An individual who does not have a SIN can apply for one at any Service Canada Centre. For more information, visit their website at [servicecanada.gc.ca](http://servicecanada.gc.ca).

### Note

**Social insurance number (SIN), individual tax number (ITN), or temporary tax number (TTN)** – Individuals need to provide a SIN, an ITN, or a TTN. If the individual is a partner that does not have a SIN but provides a TTN, use that. If the individual partner is a non-resident and is not eligible to get a SIN, the partner should apply for an ITN using Form T1261, Application for a Canada Revenue Agency Individual Tax Number (ITN) for Non-Residents.

An individual under 18 years of age at the end of the tax year to which the information return relates does not need to provide a SIN if that individual's total income for the year is expected to be \$2,500 or less.

References  
Subsections 162(5), 162(6), 237(1), 237(1.1), and 237(2)  
Information Circular IC82-2, Social Insurance Number Legislation that Relates to the Preparation of Information Slips

## Using an identification number

If you have to prepare a return (or if you are an officer, employee, or agent of someone who does), and to do so you have to get an identification number from each member of the partnership, you may use an identification number only for the purpose for which it was provided to you, or for the purposes required or authorized by law.

The Act protects the use of identification numbers. If you do not have the written consent of the person or partnership, you cannot do the following:

- knowingly use or communicate their identification number
- knowingly allow it to be communicated

If you are convicted of using an identification number for unauthorized purposes, you are liable to one of the following:

- a fine up to \$5,000
- imprisonment up to 12 months
- a fine and imprisonment

Reference  
Subsection 239(2.3)

## Penalties applicable to tax shelters False or misleading information

Every person who:

- files false or misleading information on Form T5001, Application for Tax Shelter Identification Number and Undertaking to Keep Books and Records
- as a principal or as an agent or nominee sells, issues, or accepts consideration for an interest in a tax shelter (including a gifting arrangement) before the minister of national revenue has issued an identification number
- is liable to a penalty that is the greater of:
  - \$500
  - 25% of the greater of:

- the total of all amounts, each of which is the consideration received or receivable from a person for the tax shelter before the correct information is filed with the minister or the identification number is issued, as the case may be
- the total of all amounts, each of which is an amount stated or represented to be the value of property that a particular person who acquires or invests in the tax shelter could donate to a qualified donee, if the tax shelter is a gifting arrangement and consideration has been received or is receivable from the particular person for the tax shelter before the correct information is filed with the minister or the identification number is issued, as the case may be

**Reference**  
Subsection 237.1(7.4)

### **Failure to file an information return or report required information**

Every person who is required to file an information return and who fails to comply with a demand under section 233 to file the return, or to report required information, is liable to a penalty equal to 25% of the greater of:

- the total of all amounts each of which is the consideration received or receivable by the person for the tax shelter from a particular person for whom information required had not been reported at or before the time that the demand was issued or the return was filed, as the case may be
- if the tax shelter is a gifting arrangement, the total of all amounts each of which is an amount stated or represented to be the value of property that the particular person could donate to a qualified donee

**Reference**  
Subsection 237.1(7.5)

### **Failure to provide the tax shelter identification number**

We may assess a penalty of \$100 for each failure if the tax shelter identification number is missing on a form.

**References**  
Subsections 162(5) and 237.1(5)

### **If you provide an incorrect tax shelter identification number**

If you wilfully give an incorrect tax shelter identification number, and are convicted of the offence, you are liable to one of the following:

- a fine from 100% up to 200% of the cost of the tax shelter interest
- imprisonment up to two years
- a fine **and** imprisonment

This fine is in addition to any other penalty we assess.

**Reference**  
Subsection 239(2.1)

## **Misrepresentation of a tax matter by a third party**

We will charge a penalty to those persons who counsel and assist others in making false statements when they file their returns, or who are wilfully blind to obvious “errors” when preparing, filing, or assisting another person in filing a return. This penalty will also be applied to arrangements and plans which contain false statements.

**References**  
Information Circular IC01-1, Third-Party Civil Penalties  
Section 163.2

## **Interest on penalties**

We charge interest compounded daily at a fixed rate set out by the Act on the total outstanding amount of penalties and interest. Both interest and penalties are payable to the receiver general.

**Reference**  
Subsection 161(11)

## **Cancel or waive penalties or interest**

The CRA administers legislation, commonly called the taxpayer relief provisions, that gives the CRA discretion to cancel or waive penalties or interest when taxpayers are unable to meet their tax obligations due to circumstances beyond their control.

The CRA’s discretion to grant relief is limited to any period that ended within 10 calendar years before the year in which a request is made.

For penalties, the CRA will consider your request only if it relates to a fiscal period ending in any of the 10 calendar years before the year in which you make your request. For example, your request made in 2022 must relate to a penalty for a fiscal period ending in 2012 or later.

For interest on a balance owing for any fiscal period, the CRA will consider only the amounts that accrued during the 10 calendar years before the year in which you make your request. For example, your request made in 2022 must relate to interest that accrued in 2012 or later.

To make a request for relief, fill out Form RC4288, Request for Taxpayer Relief – Cancel or Waive Penalties or Interest. For more information about relief from penalties or interest, and how to make a request, go to [canada.ca/taxpayer-relief](https://canada.ca/taxpayer-relief).

**References**  
Subsection 220(3.1)  
Information Circular IC07-1, Taxpayer Relief Provisions

## **Voluntary disclosures**

Under the voluntary disclosures program, you can correct inaccurate information or disclose previously omitted information. You may avoid being penalized or prosecuted if you make a full disclosure before we start any audit or investigation against you. You will only have to pay the taxes owing plus interest.

For more information, see Information Circular IC00-1, Voluntary Disclosures Program, go to [canada.ca/taxes-voluntary-disclosures](https://canada.ca/taxes-voluntary-disclosures), or call the voluntary disclosures officer in your tax services office.

## Chapter 6 – Determining the net income or loss of the partnership and partners

A partnership that is required to file a partnership information return, as described on page 6, has to:

- prepare its financial statements and calculate its income or loss using the International Financial Reporting Standards (IFRS) or the Accounting Standards for Private Enterprise (ASPE), whichever applies

### Notes

Although the CRA does not specify that financial statements must be prepared following any particular type of accounting principles or standards, the Canadian Accounting Standards Board (AcSB) requires that publicly accountable enterprises (PAEs) use IFRS in the preparation of all interim and annual financial statements.

For the first year, when IFRS is adopted, partnerships have to keep additional documentation to support amounts filed on the General Index of Financial Information (GIFI) and information returns.

For more information on IFRS books and records and other IFRS topics, go to [canada.ca/international-financial-reporting-standards-ifrs](http://canada.ca/international-financial-reporting-standards-ifrs).

- prepare its Form T5013 FIN, Partnership Financial Return
- reconcile its income or loss for income tax purposes according to the Act and Regulations using the T5013 SCH 1, Net Income (Loss) for Income Tax Purposes, to determine the incomes and losses that the partnership can allocate to the partners
- prepare the appropriate T5013 schedules and forms that apply
- prepare its T5013 SUM, Summary of Partnership Income, which summarizes all the amounts allocated to the partners
- prepare the T5013, Statement of Partnership Income slips for the partners

### Reference

Form T1139, Reconciliation of Business Income for Tax Purposes

## Calculating the partnership's income or loss

### Partnership income

Under the Act, we generally consider a partnership to be a flow-through entity. Calculate the partnership's income or loss as though the partnership is a separate entity, and flow the income or loss out of the partnership to the partners.

### Net income or loss for income tax purposes

Use the T5013 SCH 1 to reconcile the difference between the partnership's net income or loss reported on the financial statements and its net income or loss for income tax purposes. For more information on how to calculate net

income or loss for income tax purposes, see "T5013 SCH 1, Net Income (Loss) for Income Tax Purposes" on page 32.

## Business and non-business activities

The partnership can have a rental income or loss from a business or from property (a non-business activity). For more information on the difference between business and non-business rental activities, see Interpretation Bulletin IT-434, Rental of Real Property by Individual, and its Special Release.

### Note

In this guide, when we discuss business income or loss, we include rental income or loss from a business activity. When we discuss rental income or loss, we refer to the non-business rental income or loss from property.

## Income sources

The partnership can have income from more than one source, such as business, professional, commission, farming, fishing, rental, and investment. Calculate the income or loss from each source separately, on a working paper as follows:

- Calculate the partnership's net income or loss for accounting purposes by preparing the financial statements
- Apply the general rules of subsection 96(1) to calculate the net income or loss for income tax purposes
- Allocate the resulting net income or loss for income tax purposes to the partners by completing the slips for the partners

### Note

When the partnership allocates income and losses to the partners, the income or losses keep their source identity. For example, dividend income a partnership earned is the partner's dividend income.

## Tax shelter investment

When an interest in the partnership is a tax shelter investment, the partnership's expenditures may be reduced by the limited-recourse amounts that relate to the expenditures and by certain other amounts. For a partnership, a limited-recourse amount includes any financing for which recourse against any member of the partnership is limited, either immediately or in the future and either absolutely or contingently. Where a partnership has a tax shelter investment, that expenditure may also be reduced by the limited-recourse amounts that relate to that expenditure and by certain other amounts. A tax shelter investment is defined in subsection 143.2(1).

### References

Subsections 143.2(1), 143.2(6), and 143.2(8)

## Income from foreign sources

If the partnership earned income or realized capital gains from foreign property during the fiscal period, report these amounts on your return.

Unless the partnership is required to report using a functional currency, convert the foreign income earned by

the partnership into **Canadian dollars** using the exchange rate in effect at the time of the transaction. If the transactions occurred at various times throughout the year, use an average exchange rate for the year.

#### Note

For capital transactions, you have to use the exchange rate in effect at the time of the transaction.

#### Reference

Interpretation Bulletin IT-95, Foreign Exchange Gains and Losses

### Business investment loss

A business investment loss is a capital loss from the actual or deemed disposition of certain capital properties.

It can arise from the partnership's arm's length dealings with a person on the disposition or deemed disposition of:

- a small business corporation's share
- a debt that a small business corporation owes to the partnership

A business investment loss can also occur from the deemed disposition resulting from an election under subsection 50(1) for:

- a debt that a small business corporation owes to the partnership that is considered to be a bad debt at the end of the year, other than a debt from the sale of personal-use property
- a share of a small business corporation owned by the partnership at the end of the year (other than a share it received as consideration from the disposition of personal-use property) where the corporation is in one of the following scenarios:
  - It has become bankrupt in the year
  - It is insolvent, and a winding-up order exists under the Winding Up and Restructuring Act and the order has been made in the year
  - It is, at the end of the year, insolvent and neither the corporation nor a corporation it controls carries on business. Also, at the end of the year, the fair market value of the share is nil, and it is reasonable to expect that the corporation will be dissolved or wound up and will not commence to carry on business

Calculate the business investment loss in a separate working sheet and report the partner's share in box 137 of the T5013 slip.

Generally the allowable loss is 50% of the actual loss. The allowable part of the loss is called an allowable business investment loss (ABIL).

A partner can deduct an ABIL against any other source of income for the year.

If the ABIL is more than the partner's other income for the year, we consider that the excess is a non-capital loss, which the partner can carry back 3 years and forward 10 years.

If the partner cannot use all the non-capital loss that resulted from an ABIL against other income by the end of the 10-year carry-forward period, the unapplied non-capital

loss that resulted from an ABIL becomes a net capital loss. As a net capital loss, the partner can carry it forward indefinitely, but can only apply it against taxable capital gains. For more information, see Guide T4037, Capital Gains.

#### References

Subsections 50(1) and 111(1)  
Guide T4037, Capital Gains  
Income Tax Folio S4-F8-C1, Business Investment Losses

### Capital cost allowance (CCA)

For the definition of CCA and other CCA information, see "T5013 SCH 8, Capital Cost Allowance (CCA)" on page 41.

The partnership can deduct CCA on the depreciable property it owns, to the extent allowed under the Regulations. The partnership can deduct CCA up to the maximum available for the fiscal period, or it can deduct none at all. Generally, if a fiscal period is less than 12 months, you have to prorate the deduction based on the number of days in the fiscal period.

If the partnership's activities include a rental operation, some restrictions apply to the amount of CCA the partnership can claim for the rental assets. For more information, see "Restriction on rental buildings" on page 42.

#### References

Income Tax Folio S3-F4-C1, General Discussion of Capital Cost Allowance  
Interpretation Bulletin IT-79, Capital Cost Allowance – Buildings or Other Structures  
Income Tax Folio S4-F15-C1, Manufacturing and Processing  
Interpretation Bulletin IT-195, Rental Property – Capital Cost Allowance Restrictions  
Interpretation Bulletin IT-274, Rental Properties – Capital Cost of \$50,000 or More  
Interpretation Bulletin IT-371, Rental property – Meaning of "Principal Business"

### Scientific research and experimental development (SR&ED)

**Expenditures** – Subsection 96(1) has special rules that apply when a partnership has incurred SR&ED expenditures in a fiscal period. Under this subsection, the partnership deducts the full amount of SR&ED expenses in the year they were incurred.

For more information on SR&ED, go to [canada.ca/taxes-sred](http://canada.ca/taxes-sred).

#### References

Paragraphs 96(1)(e.1) and (g)  
SR&ED Program forms and publications

**Investment tax credit recapture** – If, during the tax year, the partnership sold or converted to commercial use a capital asset or a shared-use-equipment for which the members of the partnership had previously claimed an SR&ED investment tax credit (ITC), there may be an SR&ED ITC recapture of some or all of the ITC.

The members of the partnership may have claimed ITCs on materials that were transformed in a product or a property. If that product or property is sold or converted to commercial use during the year, there may also be an SR&ED ITC recapture of some or all of the ITC.

Recapture occurs when all the following conditions are met. The partnership:

- acquired a particular property in the current year or in any of the 20 previous tax years, if the credit was earned in a tax year ending after 1997 and did not expire before 2008
- claimed the cost or a portion of the cost of the property as a qualified expenditure for SR&ED on Form T661, Scientific Research and Experimental Development (SR&ED) Expenditures Claim
- included the cost or a portion of the cost of the property in computing the ITC at the end of a fiscal period
- disposed of or converted the property to commercial use in the fiscal period. This condition is also met if the partnership disposed of, or converted to commercial use, a property that incorporated the property mentioned above

If the partnership meets all of the above conditions, the amount of ITC the partnership has to recapture is the **lesser** of:

- the ITC earned for the property
- the amount calculated by applying the percentage used in calculating the ITC earned on the property to one of the following:
  - the proceeds of disposition of the property if you disposed of it to a person with whom you deal **at arm's length**
  - the fair market value of the property if you disposed of it to a person with whom you do **not** deal at arm's length

Calculate the recapture for the fiscal period during which the property is disposed of or converted to commercial use. Deduct the ITC recapture from the ITC otherwise available to the partnership.

If the partnership does not have enough ITC available to offset the recapture, partners have to add their share of the excess to the amount of Part I Tax calculated on their income tax return for the year. The partners should include their share of the excess ITC recapture amount on the corresponding line of the "Recapture of ITC on SR&ED expenditures" section of Part C on Form T2038(IND), Investment Tax Credit (Individuals), or Part 16 of the T2 SCH 31, Investment Tax Credit – Corporations, whichever applies.

The excess is added to the partnership's pool of deductible SR&ED expenditures for the next fiscal period.

#### References

Subsections 13(21), 37(1), 127(27), (28), (30), and (35)  
Recapture of SR&ED Investment Tax Credit Policy at [canada.ca/recapture-investment-tax-credit-policy](http://canada.ca/recapture-investment-tax-credit-policy)

## Royalty payments to a third party

The partnership may pay royalties to a third party. In this case, the partnership has to report the royalty payments on Form T5, Statement of Investment Income.

## Contract payments to a third party

If your partnership has construction as its primary business activity and you make payments to subcontractors for construction services, the partnership has to report the contract payments on Form T5018, Statement of Contract Payments.

## Allocating the income or loss to partners

Partnerships usually allocate income, gains, losses, deductions, credits, and other amounts among the partners according to the terms of the formal partnership agreement. If there is no written agreement for this allocation, under provincial or territorial laws, partners may be entitled to share equally in the capital and profits of the business. However, under subsection 103(1) or (1.1), we can revise a partner's share of the income or loss of the partnership to an amount that is reasonable in the circumstances.

**Current members of a partnership** – Generally, a partnership's net income and loss, adjusted for income tax purposes, flows through to the partners. However, various provisions of the Act can affect the amounts allocated to partners, depending on whether the partner is a **general partner, limited partner, or specified member**.

**Retired partners** – If a retired partner or a former member of the partnership under subsection 96(1.1) or 96(1.01), and receives a share of the partnership's income or loss, prepare a T5013 slip for that partner. As of January 1, 2017, new partner code "6" was implemented for a retired member paid under subsection 96(1.1), at box 002 of the T5013 slip.

#### References

Subsections 96(1.01), 96(1.1), 103(1), and 103(1.1)  
Interpretation Bulletin IT-242, Retired Partners  
Interpretation Bulletin IT-278, Death of a Partner or of a Retired Partner

## Losses

**General partner** – When general partners calculate their net income on their personal, corporate, or trust returns, they can deduct losses in the fiscal period to which they relate. If there is any excess, partners can usually include it in the calculation of their non-capital loss for the tax year.

The partner's non-capital losses can be carried back three years and forward for 20 years.

#### Reference

Paragraph 111(1)(a)

**Limited partner** – Each limited partner can deduct, on its income tax return, its share of the partnership's loss from a business (other than a farming business) or property only up to the maximum of its at-risk amount (ARA) at the end of the partnership's fiscal period, reduced by any ITC, farming losses and resource expenses the partnership allocated to the limited partner for that fiscal period. The residual amount becomes that limited partner's limited partnership loss (LPL) which the limited partner can carry forward indefinitely and deduct in a later year to the extent the limited partner has a positive ARA for the partnership after deducting the amounts specified under subparagraph 111(1)(e)(ii).



For tax years that end after February 26, 2018, the at-risk rules have been clarified to:

- also apply to a partnership that is itself a limited partner of another partnership, and
- adjust a taxpayer’s available non-capital loss and limited partnership loss carry-forward balances, as if these rules applied in the preceding years

A partnership that is itself a limited partner of another partnership will not be able to flow the residual amount of those losses up to its own members and cannot carry it forward. However, the fact that the residual amount of those losses cannot be claimed is reflected in the adjusted cost base of the partnership interest.

The at-risk rules do **not** restrict farming losses that a partnership incurs and allocates to limited partners.

**References**  
 Subsection 96(2.1)  
 Paragraph 111(1)(e)

### Restricted farm losses

Each partner, including the limited partner, may have to restrict a farm loss under section 31. If the partnership has a loss from a farming business, the rules on restricted farm losses apply to each partner, not to the partnership. Use box 124 of the T5013 slip to allocate farming income and losses to partners that are not limited partners.

**Limited partners** – Use box 101 of the T5013 slip to allocate farming income and losses to limited partners.

**Reference**  
 Section 31

### Scientific research and experimental development (SR&ED)

**Limited partners** – You cannot allocate to a limited partner a loss that has been created or increased by SR&ED expenses. When you calculate the amount of the loss for income tax purposes to allocate to the limited partners, reduce the loss by the amount of the SR&ED expenses deducted, or by the amount of the loss, whichever amount is **less**. This applies to SR&ED expenses incurred inside or outside Canada.

#### Example

Biz Partnership has one limited partner. Its net income for the fiscal period ending December 31, 2022, was \$30,000 before deducting SR&ED expenses of \$45,000.

| Calculating the partnership’s business loss and the business loss to be allocated to the limited partner |          |                   |
|--|----------|-------------------|
| Net partnership income before deducting SR&ED expenses   |          | \$30,000          |
| <b>Minus:</b> SR&ED expenses   |          | <u>\$45,000</u>   |
| Partnership net loss for the period  |          | (\$15,000)        |
| Reduced by the <b>lesser</b> of:   |          |                   |
| SR&ED expenses   | \$45,000 |                   |
| Net loss   | \$15,000 | <u>(\$15,000)</u> |
| <b>Business loss to be allocated to the limited partner</b> (box 104)                                    |          | <u>nil</u>        |

The loss that **cannot be** allocated to the limited partners:

- is **not** allowed to other partners
- does **not** become a limited partnership loss
- does **not** become a non-capital loss
- does **not** affect the adjusted cost base of the limited partner’s interest in the partnership

#### Note

If your partnership has incurred expenditures during the fiscal period for SR&ED carried on in Canada, the partnership should file Form T661, Scientific Research and Experimental Development (SR&ED) Expenditures Claim. To facilitate processing, file Form T661 with the partnership information return and attach the completed Form T661 and its related schedules to the front of the return for that fiscal period. You can file your Form T661 electronically. Form T661 should be filed **no later than** 12 months after the earliest of all filing due dates for the return of income of the members for the tax year in which the partnership’s fiscal period ends, so that each member would then be able to meet their deadline to claim the SR&ED investment tax credit allocated to them.

**References**  
 Eligibility of Work for SR&ED Investment Tax Credits Policy at [canada.ca/recapture-investment-tax-credit-policy](http://canada.ca/recapture-investment-tax-credit-policy)  
 SR&ED Claims for Partnerships Policy at [canada.ca/claims-partnerships-policy](http://canada.ca/claims-partnerships-policy)

## Chapter 7 – Form T5013 FIN, Partnership Financial Return

Form T5013 FIN, Partnership Financial Return, is the first part of the partnership information return. It provides information about the partnership’s operations for the fiscal period.

As well, it includes a checklist of forms and schedules that you need to attach to Form T5013 FIN.

Following the implementation of capital cost allowance (CCA) class 14.1, special transitional rule calculations do **not** have to be filed with the T5013 return. You should keep them with your records in case we ask for them at a later date. Elections should be filed as instructed at “Line 275” on page 30.

#### Note

Full disclosure is required pertaining to all documents relating to the partnership information return. All the information requested on Form T5013 FIN, Form T5013 SUM, the T5013 schedules, the T5013 slips, and in the documents supporting your return is **prescribed information**.

# Filling out Form T5013 FIN, Partnership Financial Return

## Page 1

### Identification

#### Partnership account number

Enter the 15-character account number, which includes the RZ program identifier the CRA assigned to the partnership. For more information about the account number, see “Partnership account number” on page 14.

#### Partnership name and operating or trading name

Enter the partnership’s name exactly as per registration and the partnership’s full operating/trading name. **Do not** use abbreviations and ensure the punctuation is correct.

#### Address areas

If your address has changed since you last filed a return and you want to file your return electronically, make sure you update your address with us before sending forms T5013 FIN, T5013 SUM, all schedules, and slips.

You can change any of your addresses using one of the following methods:

**Online** – Owners can change the mailing, head office, and books and records address of their business by using the “Manage addresses” service in My Business Account at [canada.ca/my-cra-business-account](http://canada.ca/my-cra-business-account). Authorized representatives can also access this online service through Represent a Client at [canada.ca/taxes-representatives](http://canada.ca/taxes-representatives).

**By telephone** – Call 1-800-959-5525.

**By mail or fax** – Send your request by mail or by fax to your tax centre. Include the following information:

- an authorized partner’s signature
- your business number (BN)
- your new address
- the effective date of the change

For more information on how to change your addresses, go to [canada.ca/changes-your-business-address](http://canada.ca/changes-your-business-address).

#### Location of the partnership head office

Has this location changed since the last time you filed a partnership information return?

Tick (✓) the Yes or No box. If you answer **yes**, provide the complete address of the new location of your head office including the street number, street, city, province, territory or state, country, and postal code or zip code.

See “Appendix A” on page 86, and “Appendix B” on page 87.

If this is the first fiscal period for which you are filing, you must answer **yes** and fill out the applicable areas.

#### Mailing address of the partnership (if different from the head office address)

Fill out this area only if your mailing address is different from your head office address.

#### Location of the partnership’s books and records (if different from the head office address)

Fill out this area only if the location of books and records is different from your head office address.

#### Has this location changed since the last time you filed a partnership information return?

Tick (✓) the Yes or No box. If you answer **yes**, provide the complete address of the new physical location of your books and records, including the street number, street, city, province, territory or state, country, and postal code or zip code.

See “Appendix A” on page 86, and “Appendix B” on page 87.

If this is the first fiscal period for which you are filing, you must answer **yes**, and fill out the applicable areas if the physical location of books and records is different from your head office address.

#### Line 040 – Is this an amended return?

If this is an amended return, tick (✓) the Yes box and attach a note to explain the changes you made. If you file your return electronically, send the notes to your tax centre to explain the changes.

#### Lines 060 and 061 – Fiscal period to which this information return applies

Enter the fiscal period start **and** end dates. Enter four digits for the year, two digits for the month and two digits for the day. See the example below.

#### Example

Fiscal period starting on May 1, 2021, and ending on April 30, 2022:

| 060 Fiscal period start            | 061 Fiscal period end*             |
|------------------------------------|------------------------------------|
| Year Month Day<br> 2 0 2 1 0 5 0 1 | Year Month Day<br> 2 0 2 2 0 4 3 0 |

A partnership’s fiscal period cannot be more than 12 months in length. Generally, the partnership’s fiscal period is the same from year to year unless you have received approval to change the fiscal period. For more information, see “How to change the partnership’s fiscal period end” on page 18.

You do not need our approval for a short fiscal period when the partnership ceases to exist. However, it does affect the due date of the partnership information return. If this is the case, enter the date of dissolution for the fiscal period end. For more information, see “Definitions” on page 90.

#### Reference

Interpretation Bulletin IT-364, Commencement of Business Operations

#### Line 062 – The end members of this partnership are (tick the applicable boxes)

As explained in the section called “Chapter 4 – Due dates” on page 17, the due date for filing the return depends on the type of partners, including end members.

Tick (✓) the Individuals (including trusts) box, if all partners, including end members, are:

- individuals
- trusts
- a combination of both individuals and trusts

Tick (✓) the Corporations box, if all partners, including end members, are corporations.

Tick (✓) both boxes if all partners, including end members, are a combination of individuals (including trusts) and corporations.

If you provide inaccurate information in this section, it may cause a change to your filing due date, which then may result in the application of, or a change to, a late-filing penalty as described in the "Late filing" section on page 19.

**Lines 070 and 071 – Is this the first year of filing?**

If this is your **first year** of filing, tick (✓) the Yes box and enter the date the partnership was created on line 071. Enter four digits for the year, two digits for the month and two digits for the day.

**Line 073 – Number of T5013 slips**

Enter the number of T5013 slips issued to partners or investors for the fiscal period.

You do not have to issue a T5013 slip when there is no income, loss or other amount that has to be allocated to partners. In this case, enter 0 on line 073. You will need to inform the partners that you will not be issuing any slips.

You do not have to issue a T5013 slip where there is no allocation to a particular partner. You will need to inform that partner that you will not be issuing a T5013 slip. For example, the partnership has five partners and one partner is a retired partner that has an income interest pursuant to subsection 96(1.1) where only income is allocated and not losses. If the partnership has only losses in that particular year, the retired partner will not have any allocation and therefore a T5013 slip is not required. You will need to enter 4 on line 073 but include all five partners on the T5013 SCH 50.

**Line 078 – Is this the partnership's final information return up to dissolution?**

Tick (✓) the Yes or No box.

You have to answer **yes** if you are filing your final information return for a fiscal period ending on the date of dissolution. Enter this date for the fiscal period end on line 061.

**Line 079 – If an election was made under section 261 by one or more partners, state the functional currency used for this return**

**Only** partnerships whose corporate members have made the election will be affected by this.

If the financial information for the fiscal period is recorded in a functional currency, enter the functional currency used on line 079. For more information, see "Functional currency reporting – Election under section 261" on page 10.

**Line 082 – Was the partnership a Canadian partnership throughout the fiscal period?**

Tick (✓) the Yes or No box.

**Line 086 – Type of partnership at the end of the fiscal period**  
Tick (✓) the box that describes the partnership type at the end of the fiscal period. The partnership type determines whether or not the partnership's members or investors are entitled to certain allocations and deductions.

Partnerships that are **not tax shelters**:

- 01 General partnership
- 02 Limited partnership
- 03 Limited liability partnership
- 08 Investment Club

Partnerships that **are tax shelters**:

- 11 General partnership
- 12 Limited partnership
- 13 Co-ownership
- 19 Other (specify below)

**Note**

Co-ownership in and of itself may not necessarily constitute a partnership. See Income Tax Folio S4-F16-C1, What is a Partnership?

**Line 087 – If the partnership is a tax shelter (TS), enter the TS identification number**

If the partnership is a tax shelter, enter the six digits of the tax shelter identification number. For more information about this number, see "The tax shelter identification number" on page 11.

## Page 2

### Documents required to be attached to Form T5013 FIN, Partnership Financial Return

The partnership must provide the following with the partnership financial return:

- Form T5013 SUM and a copy of the T5013 slips issued to partners and nominees or agents
- GIFI schedules: T5013 SCH 100, T5013 SCH 125, T5013 SCH 140 and T5013 SCH 141
- schedules T5013 SCH 1 and T5013 SCH 50
- other applicable schedules, forms and documents

### GIFI Schedules T5013 SCH 100, T5013 SCH 125, T5013 SCH 140 and T5013 SCH 141

The partnership should include complete financial statements using the General Index of Financial Information (GIFI). If you file a paper return, include a copy of the notes to the financial statements with the return. If you file the return electronically, do not send the paper copy of the notes to the financial statements to your tax centre. If we need the notes to the financial statements, we will ask for them. For more information, see "GIFI schedules" on page 69.

### T5013 SCH 1 and T5013 SCH 50

The partnership must fill out and include the T5013 SCH 1 to adjust the partnership's net income or loss for income tax purposes.

For more information on how to fill out this schedule, see “T5013 SCH 1, Net Income (Loss) for Income Tax Purposes” on page 32.

The partnership must also fill out and include the T5013 SCH 50.

**Member information:** Fill out the T5013 SCH 50 to record all the changes in each partner’s ownership, and all activities in its partnership interest account during the fiscal period.

For each member of the partnership during the fiscal period, give the details requested in **each box** of the schedule.

For more information on how to fill out this schedule, see “T5013 SCH 50, Partner’s Ownership and Account Activity” on page 61.

#### Other schedules, forms and documents

The partnership may have to provide other schedules, forms, or documents depending on its circumstances.

For each **yes** answer to the questions on lines 150 to 260, you have to file the T5013 schedules, forms, or documents that apply, as described in the following sections.

#### T5013 schedules

Include the following completed schedules with your financial return or file as instructed.

##### Note

These are presented in the same order as on page 2 of the financial return.

#### T5013 SCH 9, List of Partnerships

**Line 150** – Fill out the T5013 SCH 9 if, at any time during the fiscal period, the partnership was a member of another partnership, either directly or indirectly through one or more partnerships.

For more information on how to complete this schedule, see “T5013 SCH 9, List of Partnerships” on page 60.

**Reference**  
Section 251

**Form T2058, Election on Disposition of Property by a Partnership to a Taxable Canadian Corporation**

**Line 162** – This is a joint election form that can be used when the partnership has disposed of property to a corporation and has received as consideration shares of any class of the capital stock of the corporation. All the members of the partnership and the taxable Canadian corporation can jointly elect under subsection 85(2). If you file your return electronically, send Form T2058 to your tax centre.

**References**  
Subsection 85(2)  
Information Circular IC76-19, Transfer of Property to a Corporation Under Section 85  
Form T2058, Election on Disposition of Property by a Partnership to a Taxable Canadian Corporation

**Form T2059, Election on Disposition of Property by a Taxpayer to a Canadian Partnership**

**Line 162** – This is a joint election form that can be used when a member of the partnership disposes of property to a Canadian partnership. The partner and partnership can

jointly elect under subsection 97(2). If you file your return electronically, send Form T2059 to your tax centre.

**References**  
Subsection 97(2)  
Form T2059, Election on Disposition of Property by a Taxpayer to a Canadian Partnership  
Interpretation Bulletin IT-413, Election by Members of a Partnership under subsection 97(2)

**Form T2060, Election for Disposition of Property upon Cessation of Partnership**

**Line 162** – This is a joint election form that can be used when a Canadian partnership ceases to exist and all the partnership property has been distributed to persons who were members of the partnership immediately before the partnership ceased to exist. The partners can jointly elect under subsection 98(3). If you file your return electronically, send Form T2060 to your tax centre.

**References**  
Subsection 98(3)  
Interpretation Bulletin IT-471, Merger of Partnerships  
Form T2060, Election for Disposition of Property upon Cessation of Partnership

**Form T106, Information Return of Non-Arm’s Length Transactions with Non-Residents**

**Line 171** – Fill out and submit this form if, at any time in your partnership’s fiscal period, the partnership had a total amount over \$1 million of reportable transactions with non-arm’s length non-residents.

For more information on how to fill out Form T106, see “Non-arm’s length transactions with non-residents” on page 84. If you file your return electronically, send Form T106 to:

Winnipeg Tax Centre  
Data Assessment and Evaluation Program  
Validation and Verification Section  
Foreign Reporting Returns  
66 Stapon Road  
Winnipeg MB R3C 3M2

**Form T1134, Information Return Relating To Controlled and Not-Controlled Foreign Affiliates**

**Line 172** – This information return consists of a summary and an information return. A separate supplement **must** be filed for **each** foreign affiliate (non-resident corporation or non-resident trust) or controlled foreign affiliate (CFA) of the partnership. For more information, see “Foreign affiliates” on page 84.

Partnerships can file Form T1134 electronically for the 2017 and later fiscal periods. You can do this using NETFILE or through a service provider using EFILE. By filing electronically, you will receive a confirmation number at once to tell you that the Canada Revenue Agency (CRA) has received your forms.

The partnership has to file Form T1134:

- within 15 months after the end of its fiscal period (FP) for FPs starting before 2020
- within 12 months after the end of its FP for FPs starting in 2020
- within 10 months after the end of its FP for FPs starting after 2020

For paper filers, send the original return, amended return and any additional information to:

Winnipeg Tax Centre  
Data Assessment and Evaluation Program  
Validation and Verification Section  
Foreign Reporting Returns  
66 Stapon Road  
Winnipeg MB R3C 3M2

**T5013 SCH 2, Charitable Donations, Gifts, and Political Contributions**

**Line 202** – Fill out the T5013 SCH 2 if, during the fiscal period, the partnership made charitable donations, gifts of certified cultural property, gifts of certified ecologically sensitive land, federal political contributions, or municipal, provincial or territorial political contributions.

For donations made **after March 18, 2019**, the requirement that property be of national importance to qualify for the enhanced tax incentives for donations of cultural property is removed.

For more information on how to fill out this schedule, see “T5013 SCH 2, Charitable Donations, Gifts, and Political Contributions” on page 36.

**T5013 SCH 5, Allocation of Salaries and Wages, and Gross Revenue for Multiple Jurisdictions**

**Line 205** – Complete the T5013 SCH 5 if, during the fiscal period, the partnership had income from multiple jurisdictions (provinces, territories, or other countries).

For more information on how to fill out this schedule, see “T5013 SCH 5, Allocation of Salaries and Wages, and Gross Revenue for Multiple Jurisdictions” on page 37.

**T5013 SCH 6, Summary of Dispositions of Capital Property**

**Line 206** – Fill out the T5013 SCH 6 if, during the fiscal period, the partnership disposed of capital property and incurred any capital losses, or realized any capital gains.

For more information on how to fill out this schedule, see “T5013 SCH 6, Summary of Dispositions of Capital Property” on page 37.

**T5013 SCH 8, Capital Cost Allowance (CCA)**

**Line 208** – Fill out the T5013 SCH 8 if the partnership has property that is eligible for capital cost allowance.

For more information on how to fill out this Schedule, see “T5013 SCH 8, Capital Cost Allowance (CCA)” on page 41.

**T5013 SCH 12, Resource-Related Deductions**

**Line 212** – Fill out the T5013 SCH 12 if the partnership incurred resource related expenses (other than resource expenses renounced to the partnership).

For more information on how to fill out this schedule, see “T5013 SCH 12, Resource-Related Deductions” on page 29.

**Calculation and allocation of investment tax credits (ITCs)**

**Line 231** – If you answer **yes** to the question at line 231, attach a document to the financial return providing a detailed calculation of the partnership’s ITCs and their allocation to the partners. If you file your return electronically, send the detailed calculation of the partnership’s ITC to your tax centre.

For ITC codes and rates see “Box 189 – ITC type code” on page 81.

**Form T661, Scientific Research and Experimental Development (SR&ED) Expenditures Claim**

**Line 232** – If your partnership has incurred expenditures during the fiscal period for SR&ED carried on in Canada, the partnership should file Form T661. If filing by paper, the partnership should attach the completed Form T661 and its related schedules to the front of its return for that fiscal period. If you file your return electronically, you can send Form T661 electronically beginning January 2022.

**Note**

To facilitate processing, Form T661 should be filed with the partnership information return. The partnership should file Form T661 **no later than 12 months** after the earliest of all filing due dates for the return of income of the members for the tax year in which the partnership’s fiscal period ends so that each member would then be able to meet their deadline to claim the SR&ED investment tax credit allocated to them. Partnerships can file Form T661 using NETFILE or an EFILE service provider. As a transitional measure, the time limits for filing the prescribed forms for SR&ED have been extended by a maximum of six months but not beyond December 31, 2020.

**T5013 SCH 52, Summary Information for Partnerships that Allocated Renounced Resource Expenses to their Members**

**Line 252** – Fill out the T5013 SCH 52 if the partnership, or another partnership of which your partnership is a member, invested in flow-through shares of a principal-business corporation that:

- incurred Canadian exploration expenses or Canadian development expenses
- renounced those expenses to the partnership

In this case, the principal-business corporation will issue a T101, Statement of Resource Expenses, slip to your partnership.

**Note**

The partnership (partnership A) may have invested in flow-through shares indirectly, through its membership in another partnership (partnership B). If that is the case, partnership A will not receive a T101. Instead, partnership A will receive a T5013 slip from partnership B, and the T5013 slip will include the information necessary to fill out the T5013 SCH 52.

For more information on how to fill out this schedule, see “T5013 SCH 52, Summary Information for Partnerships that Allocated Renounced Resource Expenses to their Members” on page 66.

**Form T1135, Foreign Income Verification Statement**

**Line 259** – Tick (✓) the Yes box if the total cost of all the specified foreign property the partnership owned or held was more than CAN \$100,000 at any time in the fiscal period. Fill out and file Form T1135.

For information on the property you are required to report, see Form T1135.

Even if you **do not** have to file a return, you have to send a completed Form T1135 to the Canada Revenue Agency on

or before the due date of your return. You can use NETFILE or an EFILE service provider to send the form. For more information, see Form T1135.

There are substantial penalties for failing to complete and file Form T1135 accurately and by the due date. For more information about penalties relating to foreign reporting, go to [canada.ca/cra-foreign-income-verification](http://canada.ca/cra-foreign-income-verification). If your partnership is not required to file a partnership information return but is required to file Form T1135, you will need to obtain a partnership RZ account number for this purpose. For more information, see “How to get a partnership account number” on page 14.

**T5013 SCH 58, Canadian Journalism Labour Tax Credit**

**Line 260** – Fill out the T5013 SCH 58 if the partnership is allocating any Canadian journalism labour tax credits to its members.

For more information on how to fill out this schedule, see “T5013 SCH 58, Canadian Journalism Labour Tax Credit” on page 68.

**T5013 SCH 63, Return of Fuel Charge Proceeds to Farmers Tax Credit**

**Line 261**– Fill out the T5013 SCH 63 if the partnership is allocating any return of fuel charge proceeds to farmers tax credit to its members.

For more information on how to fill out this schedule, see “T5013 SCH 63, Return of Fuel Charge Proceeds to Farmers Tax Credit” on page 69.

**T5013 SCH 65, Air Quality Improvement Tax Credit**

**Line 262**– Fill out the T5013 SCH 65 if the partnership is allocating any air quality improvement tax credit to its members.

For more information on how to fill out this schedule, see “T5013 SCH 65, Air Quality Improvement Tax Credit” on page 69.

### Other documents

Generally, the partnership does not have to send us official receipts with its return. However, you have to keep the following documents with your other official records in case we ask to see them:

- copy two of the T101, Statement of Resource Expenses, slips the partnership received from the principal-business corporation which support the amounts reported on your T5013 SCH 52
- copy two of each of the Form T5013, Statement of Partnership Income, and Form T5003, Statement of Tax Shelter Information, slips the partnership received from the tax shelter which support the amounts on Form T5004, Claim for Tax Shelter Loss or Deduction
- copies of any slips which support the tax deductions at source that you reported in box 168 of the T5013 slips
- a copy of Form T2064, Certificate – Proposed Disposition of Property by a Non-Resident of Canada, or Form T2068, Certificate – The Disposition of Property by a Non-Resident of Canada, that we issued in accordance with subsection 116(5.2)

- any other official receipts which support the allocation of amounts to the partners

## Page 3

### Additional information

For each question from line 270 to 304, tick (✓) the Yes or No box, and, when required, provide the requested information.

**Line 270** – Did the partnership use the international financial reporting standards (IFRS) when it prepared its financial statements?

If the partnership used IFRS to prepare its financial statements, answer **yes** to this question.

**Line 271** – Was a slip issued to one or more nominees or agents?

Tick (✓) the Yes or No box.

**Line 272** – Does the partnership agreement require that the nominees or agents complete and file any of the documents identified on page 2?

Tick (✓) the Yes or No box.

**Line 273** – Does the partnership have one or more new nominees or agents?

Tick (✓) the Yes or No box.

**Line 274** – Did the partnership allocate any amount of income tax deducted at source?

If the partnership allocated any amount of income tax withheld at source from amounts paid or credited to the partnership in the fiscal period, tick (✓) the Yes box.

**Line 275** – Did the partnership make any other elections under the Income Tax Act during the fiscal period?

If you answer **yes** to this question, attach a copy of any other election forms to this return. If you file your return electronically, send any other election forms to your tax centre.

**Lines 277 to 279** – Is this partnership the continuation of one or more predecessor partnerships since its last partnership information return was filed?

If you answer **yes** to this question, you have to provide the business number (BN) of each predecessor partnership on lines 278 and 279. If there are more than two predecessor partnerships, attach a note to this return with the BN of each additional partnership. If you file your return electronically, send the notes to your tax centre to explain the BN of each additional partnership.

**Continuation of a predecessor partnership** relates to the following – Where a Canadian partnership ceases to exist (the predecessor partnership) and all of its property is transferred to another Canadian partnership whose partners were all partners in the predecessor partnership, the new partnership is deemed to be a continuation of the predecessor partnership and each partner’s partnership interest in the new partnership is deemed to be a continuation of his partnership interest in the predecessor partnership. These provisions simplify the changes that frequently take place in partnerships when one or more partners terminate their association but the remaining partners carry on the partnership’s business as a new partnership.

**Line 280** – Was the partnership inactive throughout the fiscal period this information return applies to?

Even if the partnership did not operate throughout the fiscal period (it was inactive), it may still have to file a return.

**Line 295** – If the major business activity is construction, did you have any subcontractors during the fiscal period?

**Major business activity** – All individuals, partnerships, and corporations whose principal business activity is construction have to report payments made to subcontractors. For these purposes, construction is defined as erecting, excavating, installing, altering, modifying, repairing, improving, demolishing, dismantling, or removing any structure or part, including buildings, roads, and bridges.

**Who is a subcontractor?** – A subcontractor is an individual, partnership, or corporation that provides construction services. For more information, go to the Contract Payment Reporting System (CPRS) webpage at [canada.ca/contract-payment-reporting-system](http://canada.ca/contract-payment-reporting-system).

**Line 296** – Did the partnership report its farming or fishing income using the cash method?

Income from farming or fishing may be computed according to the cash method if the taxpayer so elects. The election is made by filing a return for a tax year wherein the income for that year from farming or fishing is computed in accordance with the cash method authorized by section 28.

However, where the farming or fishing business is carried on by two or more persons jointly as partners or otherwise, an election to calculate the income on a cash basis is not valid unless each of the persons who jointly carry on the farming or fishing business files a return in which the income from that business is computed in accordance with the cash method.

After the cash method is adopted, future farming or fishing income from the same source must be calculated by the same method unless an alternative method is adopted with the concurrence of the minister of national revenue, which may be given under the terms and conditions specified by the minister.

**Lines 297 and 298** – Is this a publicly traded partnership?

If you answer **yes** to line 297, you have to answer **yes** to line 298 when Form T5008, Statement of Securities Transactions, has been issued to a partner who disposed of its interest (or part of it) in the partnership.

### Miscellaneous information

**Lines 301 to 303** – Was an NR4 information return for tax deductions withheld at source filed for the fiscal period?

If you answer **yes** at line 301, you have to provide the non-resident account number beginning with the letters NR on line 302 and tick (✓) the Yes or No box at line 303.

**Lines 304 to 306** – Is this partnership a specified investment flow-through (SIFT) partnership?

If you answer **yes** to line 304, enter the taxable non-portfolio earnings for the tax year subject to Part IX.1 tax on line 305, and the amount of tax payable under Part IX.1 for the tax year on line 306. See “Specified investment flow-through partnerships” on page 10 and

“Appendix C – References, initialisms and definitions” on page 89.

**Line 307** – Enter the amount of the late filing penalty from line 307 of the T5013 SCH 52

If your partnership allocated renounced resource expenses to its members and has to pay a penalty under subsections 66(12.74) and (12.75), enter the amount of the penalty on line 307. The penalty is the amount you calculated at line 307 on the T5013 SCH 52.

**Line 308** – Amount of payment enclosed with this return

Enter the total amount of the payment enclosed with this return.

### Note

On lines 305, 306, and 308:

- **do not** use the dollar sign
- **use** a period to separate dollars and cents
- if no entry is required, leave boxes and areas blank
- **do not** use zeroes (000.00), dashes (-), NIL, or N/A in the boxes or financial areas that you are not using

See the following example:

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### Example

**305** 856751.25

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## Page 4

### Additional information for all partnerships (including tax shelters that are partnerships)

**Lines 400 and 402** – Name and identification number of the partner designated under subsection 165(1.15) of the Act

Provide the name and identification number of the partner that the partners have designated as the person having the right to object for the partnership to a determination under subsection 152(1.4). Under that subsection, we can determine any income or loss of the partnership for a fiscal period and any deduction or other amount, or any other matter, relevant in determining the tax liability of any member of the partnership. The same partner will also have the right to waive the three-year time limit for making a determination under subsection 152(1.4).

### Additional information for tax shelters only

**Lines 500 to 502** – Principal promoter

Where the partnership is a tax shelter, provide the last and first name, and the identification number of the principal promoter.

The principal promoter can be an individual, a corporation, a trust, or another partnership. Therefore the identification number can be:

- for an individual: their social insurance number
- for a corporation or another partnership: the business number assigned by the CRA
- for a trust: the trust account number assigned by the CRA

## Certification

### Lines 950 to 956

Provide the last name, first name and position or title. The authorized signing officer of the partnership has to sign in the “Signature of the authorized partner” area. We will contact that person if we need more information to process the partnership information return when we review it.

If you want us to contact another individual (for example, an accountant, a lawyer, or an employee), a group, or a firm as your representative for information related to your business accounts, we will need your consent. You can authorize a representative online using My Business Account. Alternatively you can authorize another person to act as your representative. For more information, go to [canada.ca/taxes-representative-authorization](https://canada.ca/taxes-representative-authorization).

## Language of correspondence

### Line 990

Tick (✓) the language of correspondence box that applies to you.

## Order of attachments

To facilitate the processing of your return, attach the forms and schedules in the following order when you file your paper return:

### On the front of the Form T5013 FIN, Partnership Financial Return:

- Form T661 (if applicable)
- a cheque, if you are filing the return late and a penalty applies (calculated on the T5013 SCH 52), or if the partnership is a SIFT and has to pay income tax for the tax year

### On the back of the Form T5013 FIN, Partnership Financial Return:

- schedules listed in numeric order
- notes to the financial statements and the auditor or accountant’s report if applicable, in numeric order
- any other forms, such as the T106, T1135, T2058, T2059, or T2060 in numerical order
- any other documents, which support the deductions at source
- Form T5013 SUM
- T5013 slips

## Chapter 8 – T5013 schedules

On page 2 of Form T5013 FIN, Partnership Financial Return, you answered a list of questions covering the requirement to file schedules, forms, or documents. This chapter provides information and instructions on how to fill out the schedules listed below:

- T5013 SCH 1, Net Income (Loss) for Income Tax Purposes
- T5013 SCH 2, Charitable Donations, Gifts, and Political Contributions

- T5013 SCH 5, Allocation of Salaries and Wages, and Gross Revenue for Multiple Jurisdictions
- T5013 SCH 6, Summary of Dispositions of Capital Property
- T5013 SCH 8, Capital Cost Allowance (CCA)
- T5013 SCH 9, List of Partnerships
- T5013 SCH 12, Resource-Related Deductions
- T5013 SCH 50, Partner’s Ownership and Account Activity
- T5013 SCH 52, Summary Information for Partnerships that Allocated Renounced Resource Expenses to their Members
- T5013 SCH 58, Canadian Journalism Labour Tax Credit
- T5013 SCH 63, Return of Fuel Charge Proceeds to Farmers Tax Credit
- T5013 SCH 65, Air Quality Improvement Tax Credit

### GIFI schedules

- T5013 SCH 100, Balance Sheet Information
- T5013 SCH 125, Income Statement Information
- T5013 SCH 140, Summary Statement
- T5013 SCH 141, Financial Statement Notes Checklist

You can download schedules, forms, and publications at [canada.ca/cra-forms](https://canada.ca/cra-forms).

## T5013 SCH 1, Net Income (Loss) for Income Tax Purposes

Use the T5013 SCH 1 to reconcile the difference between the partnership’s net income or loss reported on the financial statements and its net income or loss for tax purposes.

You may need to prepare a working paper showing the breakdown into the separate amounts reported on the partners’ T5013 slips. Do not send this working paper to the CRA unless we ask for it.

### Reconciling the partnership’s net income or loss for income tax purposes

Generally, the net income or loss reported on your partnership’s financial statements will not be the same as the net income or loss required for tax purposes. This is because:

- some operating costs and expenses that the partnership incurred and deducted on the partnership’s financial statements are not allowable for tax purposes, and others are applied outside of the partnership
- the partnership may have received non-taxable income which you should deduct from income when you calculate the partnership’s income for income tax purposes

#### Examples:

- Salary or wages paid to partners are not allowable for tax purposes



- Charitable donations are not deductible when determining your partnership's net income for tax purposes
- Deductions for exploration, development and resource property expenses, and renounced expenses apply to members of the partnership and are not allowable for calculating the partnership's income or loss for tax purposes. The partnership should allocate these amounts in separate boxes on the slip so the partners can use these amounts when they calculate their own income or loss

If you have such expenses or non-taxable income, the partnership's net income or loss, after extraordinary items, on the partnership's income statement will differ from the partnership's net income or loss for income tax purposes.

In this case, use the T5013 SCH 1 to reconcile the partnership's net income or loss reported on its financial statements and the net income or loss required for income tax purposes.

### Supporting form and schedules

You may have to use the following form and schedules to calculate certain amounts on T5013 SCH 1:

- T5013 SCH 2, Charitable Donations, Gifts, and Political Contributions
- T5013 SCH 6, Summary of Dispositions of Capital Property
- T5013 SCH 8, Capital Cost Allowance (CCA)
- T5013 SCH 12, Resource-Related Deductions
- T5013 SCH 52, Summary Information for Partnerships that Allocated Renounced Resource Expenses to their Members
- Form T661, Scientific Research and Experimental Development (SR&ED) Expenditures Claim

### Filling out the T5013 SCH 1

At the top of each page, enter the same partnership account number and fiscal period end you entered in the identification section on page 1.

#### Page 1

**Line 999** – Is this a NIL schedule?

Tick (✓) the Yes box if you do not have anything to report. To help us process the schedule efficiently and quickly, do not use zeroes (000 00), dashes (-), NIL, or N/A on the lines.

#### How to calculate the net income or (loss) for income tax purposes

**Line 500** – Amount calculated on line 9999 from the T5013 SCH 125 or the T5013 SCH 140

Enter the financial statement net income or loss indicated at line 9999 of the T5013 SCH 125, or the T5013 SCH 140 (if applicable).

**Lines 101 to 156, and line 199**

#### Lines 101 to 156

These items are the **most common** additions of the non-allowable expenses and the taxable items. Enter the

amounts on lines 101 to 156 as they apply to your partnership.

### Some specific adjustment items for the reconciliation

**Line 112** – Charitable donations and gifts from the T5013 SCH 2

**Charitable donations and gifts** – The eligible amount of the charitable donations and other gifts are eligible for non-refundable tax credits for individuals and deductions for corporations.

We consider that the partners made the gift in their own tax year in which the partnership's fiscal period ends. The partnership **cannot** deduct charitable donations and other gifts when calculating its income or loss for tax purposes. If a partnership deducted such amounts from its income for accounting purposes, add them back to calculate the partnership's income or loss for tax purposes.

#### References

Subsections 110.1(4), 118.1(8) and 248(31)  
Income Tax Folio S7-F1-C1, Split-receipting and Deemed Fair Market Value

**Gift of a non-qualifying security** – Special rules apply if the partnership donates a non-qualifying security (other than an excepted gift) described in subsection 118.1(18) to a qualified donee. In this case, we consider the donation not to have been made. However, if the donee disposes of the donated non-qualifying security, or if the security ceases to be a non-qualifying security, before the end of the 60 month period after the donation, we consider the partnership to have made the donation at that later time. The value of the property is the **lesser** of:

- the fair market value (FMV) of the security at the time it was actually donated

If at a later time:

- the security ceased to be a non-qualifying security, the FMV of the security at that later time
- the security was disposed of by the donee, the FMV of the consideration received by the donee

#### References

Subsections 110.1(6), 118.1(13) to (19)

**Cultural and ecological gifts** – The eligible amount of the cultural and ecological gifts is eligible for non-refundable tax credits for individuals and deductions for corporations. We consider that the partners made the gift in their own tax year in which the partnership's fiscal period ends. The partnership **cannot** deduct cultural and ecological gifts when it calculates income or loss for tax purposes. If the partnership deducted such amounts from its income for accounting purposes, add them back to calculate the partnership's income or loss for tax purposes.

#### References

Subsections 110.1(4) and (5), 118.1(8), 118.1(10) to (12), and 248(31)  
Pamphlet P113, Gifts and Income Tax  
Income Tax Folio S7-F1-C1, Split-receipting and Deemed Fair Market Value

**Capital gain (loss) on property the partnership donated** – You may have to report any capital gain or loss on property that the partnership donated. Generally for capital gains arising from gifts, the inclusion rate is 50%. For more information, see "T5013 SCH 6, Summary of Dispositions of Capital Property" on page 37.

## Reference

Pamphlet P113, Gifts and Income Tax

**Line 114** – Political contributions from the T5013 SCH 2  
We consider that the partners made the political contribution in their own tax year in which the partnership's fiscal period ends. The partnership **cannot** deduct these when calculating its income or loss for tax purposes. If the partnership deducted such amounts from its income for accounting purposes, add them back to calculate the partnership's income or loss for tax purposes.

For more information about charitable donations, gifts made to a qualified donee, and political contributions, see "T5013 SCH 2, Charitable Donations, Gifts, and Political Contributions" on page 36.

## References

Subsections 127(3) and (4.1)

**Line 121** – Non-deductible meals and entertainment expenses  
The deductible part of expenses for food, beverages, and entertainment is 50% of the **lesser of**:

- the expenditure actually incurred
- the amount that would be reasonable in the circumstances

For more information, see Interpretation Bulletin IT-518, Food, Beverages and Entertainment Expenses.

To calculate the net income or loss for income tax purposes, add the non-deductible portion back to the partnership's net income or loss.

**Line 150** – Salaries and wages paid to partners deducted on financial statements

Partnership agreements can specify that business or professional income allocated to partners be paid as salaries or wages. Although this is an acceptable way for the partnership to allocate income, the following rules apply:

- The partnership **cannot** deduct the salary or wages from income for income tax purposes
- The partnership **cannot** withhold income taxes on these amounts
- The partnership is **not responsible** for deducting and remitting income tax instalment payments on these amounts

Where the partnership agreement specifies such an allocation, the partnership can deduct salaries or wages paid to a partner of the partnership on its financial statement of income and expenses. Then, to calculate the net income or loss for income tax purposes, add those deductions back to the partnership's net income or loss.

## Note

Each partner may have to make instalment payments for the income tax due on partnership income using Form INNS3, Instalment Remittance Voucher.

## References

Paragraph 153(1)(a)  
Guide T7B CORP, Corporation Instalment Guide

**Line 151** – Cost of products available for sale that were consumed

One or more partners or their family members may consume or use any of the products that the partnership

ordinarily sells or uses to produce its income. The partnership cannot claim the cost of those products as an expense for tax purposes.

To calculate the net income or loss for tax purposes, the partnership has to do one of the following:

- add the cost of buying or producing those products to sales (to offset the deduction of those costs as purchases)
- add back the costs of products available for sale that were consumed

Products available for sale consumed by a partner or their family members are drawings the partner made from their capital account in the partnership.

**Line 152** – Personal expenses of the partners paid by the partnership

If the partnership paid for a partner's personal expenses, it cannot claim those payments as an expense for tax purposes. These payments are drawings the particular partner has made from their capital account in the partnership.

**Line 155** – Renounced exploration, development and resource property expenses deducted per financial statements from the T5013 SCH 52

Fill out line 155 only if the partnership deducted in its financial statements the renounced amounts received from a principal-business corporation or another partnership.

**Line 199**

Enter the amount from line 508 on page 2.

**Line 501** – Total

Add the amounts from lines 101 to 199 and enter the total on line 501.

**Line 502** – Deduct

Enter the amount from line 511 on page 3.

**Line 503** – Net income (loss) for income tax purposes

Enter the result of adding lines 500 **plus** 501 **minus** line 502. Allocate this income or loss for tax purposes to the partners.

**Line 504** – Deduct

Enter the portion of line 503 to be allocated to the general partners.

**Line 505** – Net income (loss) for income tax purposes for limited and non-active partners

Enter the result of deducting line 504 from line 503.

This is the part of line 503 to be allocated to limited and non-active partners.

## Page 2

On this page, we have listed some other additions required to calculate the net income or loss for income tax purposes.

**Lines 201 to 239**

These items are the non-allowable expenses and taxable items that are the **less common additions**. Enter the amounts on lines 201 to 239 that apply to your partnership.

**Some specific adjustment items for the reconciliation**

**Line 201** – Accounts payable and accruals for cash basis – closing

**Line 202** – Accounts receivable and prepaid for cash basis – opening

Partnerships that are farming or fishing businesses:

- Where the partnership keeps its books and records on the cash method basis, and made a valid election under section 28 to compute its income for income tax purpose in accordance with the cash method, leave these lines blank.
- Where the partnership keeps its books and records on the cash method basis, but did not make the election under section 28, fill out lines 201 and 202 to convert the cash method to the accrual method.

**References**

Section 28  
Guide T4002, Self-employed Business, Professional, Commission, Farming, and Fishing Income

**Line 203** – Accrual inventory – opening

Only fill out line 203 if you are converting from the accrual basis to the cash basis.

**Line 232** – Resource amounts deducted  
**Exploration, development, and resource property expenses** – Subsection 96(1) has special rules that apply when a partnership has incurred exploration, development, and resource property expenses. That is, the partnership cannot have pools for these expenses. Add back these expenses from the T5013 SCH 12 when you calculate the partnership's income or loss for tax purposes. Allocate these amounts to boxes 173 to 179 and 206, whichever applies on the slip, so the partners can use the amounts when they calculate their own income or loss.

**References**

Subsections 66.1(1) and 66.4(1)

**Line 506** – Total

Add lines 201 to 239, and enter this amount on line 506.

**Lines 290 to 294, and lines 600 to 604**

On lines 290 to 294, enter any other amounts that you deducted on the partnership's income statement that are not allowable for income tax purposes, and are not already covered on the T5013 SCH 1. Provide a short description on the corresponding lines 600 to 604.

**Reporting Wage Subsidy**

Enter on any line from 600 to 604 a short description identifying the total Wage Subsidy amount the partnership received.

On lines 290 to 294 that correspond to the entry, enter "0."

Enter the Wage Subsidy amount on the T5013 SCH 125, field code 8242.

**Note**

Partners of partnerships that do not have to file a partnership information return will need to enter their Wage Subsidy amounts on the applicable form: T2125, T2042 or T2121. For instructions, use Guide T4002, Self-employed Business, Professional, Commission, Farming, and Fishing Income.

**Example**

To report income or loss from joint ventures, enter "Income or loss from joint ventures" at line 601, and the relevant amount at line 291.

**Note**

Joint ventures are no longer allowed to have a separate fiscal period.

**Line 507** – Total

Add lines 290 to 294, and enter this amount on line 507.

**Line 508** – Total

Add lines 506 and 507, and enter this amount on line 508. Enter the amount from line 508 on line 199 on page 1 of the schedule.

**Page 3**

**Deductions required to calculate the net income or loss for income tax purposes:**

**Lines 300 to 347**

These items are the eligible expenses and non-taxable items that are **less common deductions**. Enter amounts on lines 300 to 347 as they apply to your partnership.

**Some specific adjustment items for the reconciliation**

**Line 301** – Accounts receivable and prepaid for cash basis – closing

Partnerships that are farming or fishing businesses:

- Where the partnership keeps its books and records on the cash method basis, and made a valid election under section 28 to compute its income for income tax purpose in accordance with the cash method, leave these lines blank.
- Where the partnership keeps its books and records on the cash method basis, but did not make the election under section 28, fill out lines 300 and 301 to convert the cash method to the accrual method.

**References**

Section 28  
Guide T4002, Self-employed Business, Professional, Commission, Farming, and Fishing Income

**Line 302** – Accrual inventory – closing

Only fill out line 302 if you are converting from the accrual basis to the cash basis.

**Lines 390 to 394, and lines 700 to 704**

On lines 390 to 394, enter any amounts that are not already covered in the T5013 SCH 1. Provide a short description on the corresponding lines 700 to 704.

**Line 509** – Total

Add lines 300 to 394, and enter this amount on line 509.

**Lines 401 to 417**

These lines include the **most common** deductions specific for partnerships. Enter the amounts on lines 401 to 417 as they apply to your partnership.

**Line 510** – Total

Add lines 401 to 417, and enter this amount on line 510.

## Line 511 – Total

Add lines 509 and 510, and enter this amount on line 511.  
Enter this amount on line 502 on page 1 of the schedule.

## T5013 SCH 2, Charitable Donations, Gifts, and Political Contributions

If, during the fiscal period, your partnership made charitable donations, gifts, or political contributions, fill out each part of the T5013 SCH 2 that applies:

Part 1 – Charitable donations

Part 2 – Gifts of certified cultural property

Part 3 – Gifts of certified ecologically sensitive land

Part 4 – Federal political contributions

Part 5 – Provincial or territorial political contributions

Part 6 – Municipal political contributions

Report the total from each part on the appropriate line of T5013 SCH 1:

- Parts 1, 2, and 3 – Report the total eligible amount for these parts on line 112, Charitable donations and gifts, of the T5013 SCH 1
- Parts 4, 5, and 6 – Report the total eligible amount for these parts on line 114, Political contributions, of the T5013 SCH 1

### Note

You do not have to attach receipts or supporting documents to this schedule. However you must keep them in your records as we may ask to see them later.

## Eligible amount of gift

The eligible amount of a gift or monetary contribution is the amount by which the fair market value of the gifted property or monetary contribution exceeds the amount of an advantage, if any, received or receivable for the gift or monetary contribution. There are situations in which the eligible amount may be deemed to be **nil**.

## Advantage

The advantage is generally the total value of all property, services, compensation, use or any other benefit that you are entitled to as partial consideration for, in gratitude for, or in any other way related to the gift. The advantage may be contingent or receivable in the future, either to you or a person or partnership not dealing at arm's length with you.

## Example

A gift of \$1,000 to the Any Town Ballet Company, which is a registered charity, has been received. In gratitude, the company provides three tickets to a show that are valued at \$150. In this case, the advantage is \$150 and the eligible amount of the gift is \$850 (\$1,000 – \$150).

## References

Subsections 127(3), 248(31), (32), and (41)  
Guide T4037, Capital Gains  
Pamphlet P113, Gifts and Income Tax  
Income Tax Folio S7-F1-C1, Split-receipting and Deemed Fair Market Value

Interpretation Bulletin IT-244, Gifts by Individuals of Life Insurance Policies as Charitable Donations  
Interpretation Bulletin IT-288, Gifts of Capital Properties to a Charity and Others  
Interpretation Bulletin IT-297, Gifts in Kind to Charity and Others  
Interpretation Bulletin IT-407, Dispositions of Cultural Property to Designated Canadian Institutions

## Filling out the T5013 SCH 2

### Page 1

#### Required information

Enter the detailed information of each receipt the partnership received for any charitable donations, gifts, and political contributions the partnership made, on a separate line in the appropriate part of the schedule.

#### Part 1 – Charitable donations

Charitable donations are gifts made to a qualified donee. A qualified donee includes:

- a Canadian registered charity
- a registered foreign charity that has applied to the minister of national revenue for registration under subsection 149.1(26)
- a registered journalism organization (as of January 1, 2020)
- a registered Canadian amateur athletic association
- a registered national arts service organization
- a registered tax exempt housing corporation resident in Canada set up only to provide low-cost housing for seniors
- a registered municipality in Canada
- a registered municipal or public body performing a function of government in Canada
- the United Nations and its related agencies
- universities outside Canada, the student body of which ordinarily includes students from Canada, that have applied for registration and are registered with the CRA
- His Majesty in Right of Canada, a province, or a territory

#### References

Subsections 118.1(1) and 149.1(1)  
Paragraph 110.1(1)(a)

#### Parts 2 and 3 – Cultural and ecological gifts

Cultural gifts:

- Gifts of cultural property are gifts of property certified by the Canadian Cultural Property Export Review Board, that your partnership gave to a designated institution or public authority in Canada. For donations made **after March 18, 2019**, in order to qualify for the enhanced tax incentives for donations of cultural property, the property no longer needs to be of national importance

If your partnership donates certified cultural property to a designated institution or public authority, the Canadian Cultural Property Export Review Board will determine the fair market value of the donated property and will issue Form T871, Cultural Property Income Tax Certificate, to your partnership.

For more information, see Pamphlet P113, Gifts and Income Tax, and Income Tax Folio S7-F1-C1, Split-receipting and Deemed Fair Market Value.

Ecological gifts:

- Ecological gifts are gifts of ecologically sensitive land including a covenant, an easement to which the land is subject or, in the case of land in Quebec, a real servitude or a personal servitude (the rights to which the land is subject and which has a term of not less than 100 years), if your partnership donated it to one of the following:
  - a municipality in Canada, or a municipal or public body performing a function of government in Canada, that is approved by the federal minister of Environment and Climate Change in respect of the gift
  - a registered charity (other than a private foundation) approved by the federal minister of Environment and Climate Change in respect of the gift, or
  - His Majesty in right of Canada or a province or territory

The federal minister of Environment and Climate Change (or a person designated by that minister) has to certify the land to be ecologically sensitive land important to the preservation of Canada's environmental heritage. That minister will also determine the fair market value of the gift and issue a certificate.

For more information, see Pamphlet P113, Gifts and Income Tax, and Income Tax Folio S7-F1-C1, Split-receipting and Deemed Fair Market Value.

#### References

Subsections 43(2), 110.1(4) and (5), 118.1(8), 118.1(10) to (12), and 248(31)  
Pamphlet P113, Gifts and Income Tax  
Income Tax Folio S7-F1-C1, Split-receipting and Deemed Fair Market Value

## Page 2

**Parts 4, 5, and 6** – Federal, provincial or territorial, and municipal political contributions

Political contributions that qualify for a federal tax credit are the eligible amount of monetary contributions as defined in the Canada Elections Act made to a registered party, a registered association, or a candidate, as those terms are defined in the Canada Elections Act.

Under the different provincial or territorial legislations, provincial or territorial, and municipal political contributions may qualify for a tax credit.

You must provide each partner with the amount they are entitled to, as they will need this information to fill out their income tax and benefit return.

#### Reference

Subsection 127(3)

## T5013 SCH 5, Allocation of Salaries and Wages, and Gross Revenue for Multiple Jurisdictions

If during the fiscal period, your partnership had a permanent establishment in more than one jurisdiction, use the T5013 SCH 5 to report the amounts of gross revenue,

and salaries and wages paid in each of the permanent establishments.

A permanent establishment in a province or territory is usually a fixed place of business, which includes an office, branch, oil well, farm, timberland, factory, workshop, warehouse, or mine.

Each member in a partnership is considered to have a permanent establishment in the province(s) or territory(ies) in which the partnership has a permanent establishment. This applies to both general and limited partners.

The provincial or territorial allocation rules are contained in Part IV (for corporations) and Part XXVI (for individuals, and trusts) of the Regulations.

#### References

Parts IV and XXVI of the Regulations

## Filling out the T5013 SCH 5

**Part 1** – Allocation of salaries and wages, and gross revenue  
Where your partnership has a permanent establishment in any of the listed jurisdictions, tick (✓) the Yes box and enter the amounts of salaries and wages, and the gross revenue on the lines provided for each of the jurisdictions.

Enter the total salaries and wages paid on line 130 and the total gross revenue on line 280.

**Part 2** – Amounts allocated by one or more partnerships  
Enter the name (exactly as per the registration) and account number of any partnerships in which your partnership is holding an interest.

For each of these partnerships, tick (✓) the appropriate box in column 400 to indicate if any amounts you reported in Part 1 were allocated to you from this other partnership.

## T5013 SCH 6, Summary of Dispositions of Capital Property

Fill out the T5013 SCH 6, if during the fiscal period, your partnership disposed of capital property and incurred any capital losses, realized any capital gains, or received any slips that included capital gains.

Capital gains resulting from gifts to qualified donees of certain capital properties such as certified ecologically sensitive land and certain securities may be exempt from tax. Report these in Part 10. See Pamphlet P113, Gifts and Income Tax for more information on dispositions of property by way of gift that may benefit from a capital gains exemption.

#### Note

Do **not** include gifts of non-qualifying securities that have capital gains. See "Gift of a non-qualifying security" on page 33.

#### References

Section 54  
Interpretation Bulletin IT-170, Sale of Property – When Included in Income Computation  
Interpretation Bulletin IT-448, Dispositions – Changes in terms of securities, and its Special Release IT-448SR  
Interpretation Bulletin IT-460, Dispositions – Absence of Consideration  
Subsections 43(2), 110.1(1), (4) to (6), 118.1(1), (8), (10) to (13) and 248(31)  
Paragraphs 38(a), (a.1), (a.2), and (a.3)  
Subparagraph 39(1)(a)(i.1)  
Pamphlet P113, Gifts and Income Tax

Fill out **each** part of this schedule that applies, using a separate line for each capital property your partnership disposed of during the fiscal period:

- Part 1 – Qualified small business corporation shares (QSBCS)
- Part 2 – Qualified farm or fishing property (QFFP)
- Part 3 – QFFP mortgage foreclosures and conditional sales repossessions
- Part 4 – Mutual fund units, deferral of eligible small business corporation shares, and other shares including publicly traded shares
- Part 5 – Real estate, depreciable property, and other properties
- Part 6 – Bonds, debentures, promissory notes, crypto-assets, and other similar properties
- Part 7 – Personal-use property
- Part 8 – Listed personal property
- Part 9 – Other gains (losses) except gifts of certain capital property (Other than QFFP)
- Part 10 – Gifts of certain capital property
- Part 11 – Capital gains (losses) from other sources
- Part 12 – Interest in a partnership
- Part 13 – Amounts eligible for the capital gains deduction
- Part 14 – Total capital gains (losses) (excluding amounts eligible for the capital gains deduction entered in Part 13)

## Filling out the T5013 SCH 6

### Parts 1 through 9 – Completing column numbers ending in 00, 01, 02, and 03

#### Part 1 – Qualified small business corporation shares (QSBCS)

List the shares of capital stock of a corporation you disposed of during the fiscal period. Give the following information:

- the number of shares
- the class of the shares
- the name of the corporation in which the shares were held

Usually, disposing of a share will result in a taxable capital gain or an allowable capital loss. However, if the partnership that is disposing of the share is in the business of trading shares, we consider the resulting gain or loss to be business income or loss.

If a share is converted due to a merger or an amalgamation, section 248(1) deems a disposition to have occurred.

#### Part 2 – Qualified farm or fishing property (QFFP)

List all QFFP you disposed of during the fiscal period. Give the municipal address or a legal description of the disposed property.

#### Part 3 – QFFP mortgage foreclosures and conditional sales repossessions

List all QFFP mortgage foreclosures and conditional sales repossessions you disposed of during the fiscal period. Enter a brief description, and give the municipal address or a legal description of the disposed property.

#### Part 4 – Mutual fund units, deferral of eligible small business corporation shares, and other shares including publicly traded shares

List the mutual fund units, deferral of eligible small business corporation shares, and other shares including publicly traded shares you disposed of during the fiscal period. Give the following information:

- the number of shares
- the class of the shares
- the name of the fund or corporation in which the shares were held

#### Part 5 – Real estate, depreciable property, and other properties

List all real estate you disposed of during the fiscal period. Give the municipal address of each property.

Disposing of non-depreciable real property (unless the property is inventory) may result in a capital gain or loss.

Disposing of depreciable property may result in a capital gain, a capital cost allowance recapture, or a terminal loss. However, they **do not** result in a capital loss. A capital gain results if the proceeds are more than the capital cost. For more information, see “Recapture of CCA” and “Terminal loss” on page 48.

Report dispositions of depreciable property on the T5013 SCH 8.

#### References

Income Tax Folio S3-F4-C1, General Discussion of Capital Cost Allowance Interpretation Bulletin IT-218, Profit, Capital Gains and Losses from the Sale of Real Estate, Including Farmland and Inherited Land and Conversion of Real Estate from Capital Property to Inventory and Vice Versa

**Bad debts** – When an amount receivable on a capital account becomes a bad debt and your partnership elects to have the provisions of subsection 50(1) applied, a deemed disposition occurs at the end of the year. Your partnership is considered to have reacquired the debt immediately afterwards at a cost of nil. This usually allows the partnership to claim a bad debt as a capital loss in the year. Any later recovery of that debt will result in a capital gain.

#### References

Subsection 50(1)  
Interpretation Bulletin IT-159, Capital Debts Established to be Bad Debts

**Foreign exchange gains or losses** – Foreign exchange gains or losses from buying or selling capital properties are capital gains or capital losses. Transactions in foreign currency or foreign currency futures that do not form part of the business operations can be considered capital dispositions.

#### References

Subsection 39(2)  
Interpretation Bulletin IT-95, Foreign Exchange Gains and Losses

**Part 6 – Bonds, debentures, promissory notes, crypto-assets, and other similar properties**

List all bonds you disposed of during the fiscal period. Give the following information:

- the face value
- the maturity date
- the name of the issuer for each type of bond

When you dispose of a debt obligation, we usually consider the amount of any realized discount or bonus to be a capital gain. Similarly, we consider a premium paid to be a capital loss, either when the obligation matures or on the date you dispose of the obligation.

**Reference**

Interpretation Bulletin IT-479, Transactions in securities and its Special Release

**Part 7 – Personal-use property**

Describe any personal-use property you disposed of during the fiscal period.

Personal-use property of a partnership is property owned by a partnership that is used primarily for the personal use or enjoyment of a partner or a person who is related to a partner.

Use the \$1,000 rule to determine gains and losses when you dispose of personal-use property. According to this rule, if the adjusted cost base is less than \$1,000, it is considered to be \$1,000. As well, when the proceeds of disposition are less than \$1,000, they are considered to be \$1,000.

The \$1,000 rule does not apply when donors acquire personal-use property as part of an arrangement in which the property is gifted to a qualified donee, such as a registered charity.

You **cannot** deduct losses on dispositions of personal-use property (other than listed personal property) from the partnership's income.

**References**

Subsections 46(1) and 54(1)

**Part 8 – Listed personal property**

Describe any listed personal property you disposed of during the fiscal period.

Listed personal property is a special category of personal-use property that usually increases in value. The following is a complete list of the different types of listed personal property:

- prints, etchings, drawings, paintings, sculptures, or other similar works of art
- jewellery
- rare folios, rare manuscripts, or rare books
- stamps
- coins

If your partnership incurs losses from the disposition of listed personal property, the partners can only deduct these losses from capital gains realized from the disposition of other listed personal property.

**References**

Sections 41 and 54

**Part 9 – Other gains (losses) except gifts of certain capital property (Other than QFFP)**

Include any mortgage foreclosures and conditional sales reposessions (other than for a qualified farm or fishing property) and any other gains or losses that you did not mention in this form.

Describe any capital property you disposed of during the fiscal period that you have not already reported in the previous parts.

**Parts 1 through 9 – Completing columns with numbers ending in 05, 06, 07, 08, 09, and line numbers ending in 10**

For each column (except for column 05), enter the sum of the amounts reported on each line in the "Totals" line at the bottom of each part of the schedule.

**Column numbers ending in 05 – Date of acquisition**

Enter the date you acquired the property.

**Column numbers ending in 06 – Proceeds of disposition**

Enter the proceeds of disposition. The proceeds of disposition are usually the selling price of the property. However, they can also include compensation the partnership received for property that was destroyed, expropriated, stolen, or damaged.

For a gift or a deemed disposition, the proceeds of disposition are usually the fair market value of the property when its owner or use changes.

**References**

Sections 44 and 54

**Column numbers ending in 07 – Adjusted cost base**

Enter the cost of the property you used to calculate any capital gain or loss. This is called the adjusted cost base (ACB), which is the original cost of the property that has been adjusted to reflect certain transactions or occurrences that took place after acquiring the property.

The cost of a capital property may be the actual cost, a deemed cost, or the valuation day value of the property. The nature of the property and the circumstances under which you acquired it determine which cost of the capital property you should use.

**References**

Subsections 53(1) and 53(2)

Income Tax Folio S3-F4-C1, General Discussion of Capital Cost Allowance

The cost of property acquired after 1971 is usually the actual cost of acquiring it. This includes the purchase price plus any related costs such as commissions and legal fees, the cost of additions and improvements to the property, and other reasonable expenses. It does not include current expenses, such as maintenance and repair costs.

**Reference**

Income Tax Folio S3-F4-C1, General Discussion of Capital Cost Allowance

Special rules apply when determining the cost of capital property owned on December 31, 1971. According to these rules, tax is not assessed and losses are not allowed for any gain or loss that arose before that date.

When deductions from the ACB of a property (other than a partnership interest) reduce the balance to a negative amount at any time in the fiscal period, you are considered

to have realized a capital gain equal to the amount of the negative balance, and the ACB becomes nil.

**Reference**  
Subsection 40(3)

Paragraphs 53(1)(e) and 53(2)(c) outline the rules for determining the ACB of a partnership interest.

**Note**

Interests in a partnership that a limited partner or an inactive partner holds are subject to a negative ACB rule in subsection 40(3.1) that can result in a capital gain.

Exceptions are for an “excluded interest” as specified in subsection 40(3.15).

**Column numbers ending in 08 – Outlays and expenses (dispositions)**

Enter the amount of outlays and expenses you incurred when calculating a gain or loss. You can deduct most expenses the partnership paid to put a property into saleable condition when you calculate a gain or loss. You can also deduct expenses incurred when disposing of the property. These expenses include certain fixing up costs, finder’s fees, commissions, surveyor’s fees, transfer taxes, and other reasonable expenses incurred to dispose of the property.

**Column numbers ending in 09 – Gain (loss)**

To calculate the gain or loss, subtract the ACB (amount in column numbers ending in 07) and the outlays and expenses (amount in column numbers ending in 08) from the proceeds of disposition (amount in column numbers ending in 06).

A **capital gain** results when the proceeds of disposition of a capital property are more than the ACB and any related outlays or expenses.

A **capital loss** occurs when the proceeds of disposition are less than the ACB and the related outlays and expenses. However, losses on depreciable property do not result in capital losses, but may result in a **terminal loss**.

In certain cases, when you dispose of a building and the land on which it stands, and the building is disposed of for less than its undepreciated capital cost, you may have to reduce the terminal loss on the sale of the building by the gain on the sale of the land.

**References**  
Subsection 13(21.1)  
Income Tax Folio S3-F4-C1, General Discussion of Capital Cost Allowance

**Line number ending in 10 – Total gain (loss)**

For each of Parts 1 to 9 of the schedule, add the amounts from each column number ending in 09 and enter the total on the respective line number ending in 10.

**Part 10 – Gifts of certain capital property**

List all property gifted during the fiscal period that is:

- a share of the capital stock of a mutual fund corporation
- a unit of a mutual fund trust
- an interest in a related segregated fund trust
- a prescribed debt obligation
- a share, debt obligation, or right listed on a designated stock exchange

- certified ecologically sensitive land

See Pamphlet P113, Gifts and Income Tax, for more information on dispositions of property by way of gift that may benefit from a capital gains exemption.

Include dispositions that result in gains only. Dispositions that result in losses must be reported in parts 4, 5, or 6, whichever is applicable.

Enter the information according to the instructions for Part 4, 5, or 6, as applicable:

- the face value and the maturity date
- the number of shares and the class of the shares
- the name of the fund or corporation in which the shares were held, or the name of issuer
- a description, or the municipal address or a legal description of the property disposed of
- the date of acquisition
- the proceeds of disposition
- the ACB
- the outlays and expenses
- the gain

**Column 956 – Eligible amount of gift**

If there is no advantage received in respect of the gift, the full amount of the capital gain is eligible for the inclusion rate of zero. However, if there is an advantage in respect of the gift, only a portion of the capital gain is eligible for the inclusion rate of zero. The rest is subject to an inclusion rate of 50%. For more information, see Pamphlet P113, Gifts and Income Tax.

**Column 958 – Gain subject to 0% inclusion rate**

If you donated certain types of capital property to a registered charity or other qualified donee, you may be entitled to an inclusion rate of zero on part of the capital gain realized on such gifts.

**Column 960 – Gain subject to 50% inclusion rate**

If the gain is not subject to the 0% inclusion rate, the 50% inclusion rate applies to the disposition of the property gifted. In this column, enter the portion of the capital gain subject to the 50% inclusion rate.

**Line 970**

Enter the total of column 960 on line 970.

**References**  
Paragraphs 38(a), (a.1), and (a.2)  
Guide T4037, Capital Gains  
Pamphlet P113, Gifts and Income Tax  
Income Tax Folio S7-F1-C1, Split-receipting and Deemed Fair Market Value

**Part 11 – Capital gains (losses) from other sources**

**Lines 980 and 981**

On line 980, enter any capital gains or losses from all T5, T5008, T5013, and T4PS slips the partnership received. Enter any capital gains or losses from all T3 slips on line 981.

**Part 12 – Interest in a partnership**

In general, if a partnership disposes of its interest in another partnership to a tax-exempt entity, a non-resident



person, or another partnership or a trust that has such a member or beneficiary, a special rule may apply.

Under subsection 100(1), part of the partnership's capital gain from the disposition of its interest in that partnership may be subject to the 50% inclusion rate and another part may be subject to a 100% inclusion rate.

The portion of the capital gain that can reasonably be attributed to increases in the value of capital property (other than depreciable property) held directly by that partnership (or held indirectly by that partnership through one or more other partnerships) is subject to the 50% inclusion rate and the rest is subject to the 100% inclusion rate.

If all the assets of that partnership are inventory, depreciable property, or resource property, then the capital gain would be subject to the 100% inclusion rate unless an exception applies. If there is also capital property (other than depreciable property), then it's an apportionment.

If subsection 100(1) applies, enter the portion of the capital gain that is subject to the 100% inclusion rate in Part 12. Enter the portion of the capital gain that is subject to the 50% inclusion rate in Part 5.

**Reference**  
Subsection 100(1)

**Part 13 – Amounts eligible for the capital gains deduction**  
Enter amounts eligible for the capital gains deduction pertaining to parts 1, 2, 3, and 11, on lines 120, 220, and 320.

Report each partner's share of line 120 in box 153, share of line 220 in box 154 and share of line 320 in box 155 of the T5013 slips. In a letter to the partner, provide a breakdown of the amount of gains realized before April 21, 2015 for boxes 154 and 155.

**Part 14 – Total capital gains (losses) (excluding amounts eligible for the capital gains deduction entered in Part 13)**

#### **Line 990**

On line 990, enter the sum of lines 110, 210, 310, 410, 510, 610, 710, 810, 910, 970, 980, 981, and 880 minus the sum of lines 120, 220 and 320.

Enter each partner's share of the amount from line 990 in box 151 of the T5013 slips.

## **T5013 SCH 8, Capital Cost Allowance (CCA)**

Paragraph 20(1)(a) allows the deduction of part of the capital cost of certain depreciable property from income earned in the fiscal period from a business or property. These deductions are known as capital cost allowance (CCA).

Fill out the T5013 SCH 8 to:

- calculate the amount of CCA the partnership can claim for the fiscal period for depreciable property
- identify situations where the partnership:
  - has to adjust the balance for a class of assets
  - has acquired depreciable property
  - has disposed of depreciable property

## **Depreciable property**

Your partnership might acquire a depreciable property such as a building, furniture, or equipment to use in your business or professional activities. We consider a property to be depreciable property for which you can claim CCA only if it fits in one of the classes described in Schedule II or Part XI of the Regulations. A maximum rate is set out for each class of depreciable assets.

### **Note**

Land is not a depreciable property and is not eligible for CCA.

### **References**

Subsections 13(21) and 18(3)  
Paragraph 20(1)(a)  
Regulations 1100(1), 1202(2)  
Schedule II

## **Capital cost allowance (CCA)**

With a few exceptions, you cannot deduct capital expenditures in full when you calculate your partnership's net business or professional income for tax purposes in the fiscal period the partnership made the expenditures. Instead, since these properties wear out or become obsolete (in other words, they depreciate) over time, you can deduct the capital expenditures from income over a period of several fiscal periods.

## **Disability-related modifications**

You can deduct outlays and expenses you incur for eligible disability-related modifications made to a building in the fiscal period you paid them, instead of having to add them to the capital cost of your building. Eligible disability-related modifications include changes you make to accommodate wheelchairs. You can also deduct expenses paid to install or get certain disability-related devices and equipment.

You can claim this as "Other less common deductions" on page 3 of the T5013 SCH 1.

## **Available-for-use rule**

The available-for-use rule determines the earliest fiscal period in which you can claim CCA for depreciable property.

### **How to know when a property is available for use**

**Property other than a building** is considered available for use at the earliest of several dates. Generally, you can claim a CCA deduction at whichever time is the **earliest** of:

- when the partnership first uses the property for the purpose of earning income
- the beginning of the first fiscal period that begins at least 358 days after the end of the fiscal period in which the partnership acquired the property (that is, the second fiscal period after the fiscal period the partnership acquired it)
- immediately before the partnership disposes of the property
- when the property is delivered, or made available, to the partnership and the partnership can use the property to either produce a saleable product or perform a saleable service

A **building** is considered available for use at whichever of the following dates is the **earliest** of:

- when the partnership uses 90% or more of the building for its intended purpose
- when construction, renovation, or alteration is completed
- the beginning of the first fiscal period that begins at least 358 days after the end of the fiscal period in which the partnership acquired the building (that is, the second fiscal period after the fiscal period the partnership acquired it)
- immediately before the partnership disposes of the building
- where the property is a replacement property for a building that was acquired before 1990 or that became available for use at or before the time the replacement property was acquired, or when the replacement building was acquired

#### References

Subsections 13(27) to 13(32)

### Calculating CCA

To calculate CCA, first separate all depreciable assets into the appropriate classes described in Schedule II. Usually, you calculate the CCA amount for a fiscal period on the previous fiscal period's ending undepreciated capital cost (UCC) balance for each class (that is, the declining-balance basis). Apply the set rate for that class, usually a percentage, to the UCC of that class at fiscal period end to calculate the maximum CCA you can claim. However, for certain types of property, such as leasehold interests, you calculate the CCA amount for a fiscal period based on a percentage of the original capital cost of the property (that is, the straight line basis).

You can deduct any amount up to the maximum that is available for the fiscal period. When a fiscal period is shorter than 12 months, you generally have to prorate the CCA.

#### Reference

Subsection 13(21)

### Restriction on rental buildings

If the partnership receives rental income, (business or property), it can generally claim CCA on buildings and equipment such as stoves and refrigerators. However, you generally cannot create or increase a rental loss by claiming CCA on any buildings or equipment for the rental property. To be a rental property, the property must be used by the partnership more than 50% of the time for the purposes of gaining or producing gross revenue that is rent.

If the partnership owns more than one rental building to which this restriction applies, to calculate the total income or loss for the fiscal period, you have to combine all the rental income from these buildings even if they belong to different classes. This also applies to furniture, fixtures, and appliances that the partnership uses in its rental buildings. The partnership can claim CCA for these properties, the building, or both. However, the partnership **cannot** use CCA to create or increase a rental loss.

### Example

The partnership owns three rental properties (non-business rental properties). Two of these properties are class 1 buildings, and the third one is a class 3 building. All the buildings contain class 8 appliances. The partnership earns net rental income from these properties as follows:

| Building     | Net rental income or loss |
|--------------|---------------------------|
| 1 (Class 1)  | \$1,500                   |
| 2 (Class 1)  | + \$2,000                 |
| 3 (Class 3)  | + (\$4,000)               |
| <b>Total</b> | <b>= (\$500)</b>          |

The partnership has an overall net loss of \$500. Since the partnership **cannot** increase its rental loss by claiming CCA, it cannot claim any CCA on the rental buildings or appliances.

#### References

Regulations 1100(11) and (14)  
Interpretation Bulletin IT-195, Rental Property – Capital Cost Allowance Restrictions  
Interpretation Bulletin IT-443, Leasing Property – Capital Cost Allowance Restrictions, and its Special Release  
Guide T4036, Rental Income  
Form T776, Statement of Real Estate Rentals

### Restriction on computer tax shelter property

In general, a partnership **cannot** create or increase a loss by claiming CCA on any computer tax shelter property.

#### References

Regulations 1100(20.1) and (20.2)

### Replacement property

In a few cases, your partnership can elect to postpone or defer adding a capital gain or CCA recapture to income. Your partnership might sell a business property, and replace it with a similar one, or a partnership property might be stolen, destroyed, or expropriated, and your partnership replaces it with a similar one. You can defer tax on the proceeds of disposition that your partnership reinvests in replacement property within a certain period of time. To defer reporting the capital gain or CCA recapture, your partnership must acquire and use the new property for the same or a similar purpose as the one that it is replacing.

#### References

Subsections 13(4) and 44(1)  
Income Tax Folio S3-F3-C1, Replacement Property

### CCA rates and classes

**CCA for the manufacturing and processing sector –** Manufacturing and processing machinery and equipment acquired after March 18, 2007, and before 2016 that would otherwise be included in class 43 (eligible for a 30% declining-balance CCA rate) are included in class 29 and eligible for 50% straight-line CCA rate.

Eligible assets acquired after 2015 and before 2026 will be included in class 53 and are eligible for a 50% declining-balance CCA rate. They will be subject to the half-year rule. Equipment used in manufacturing and

processing may also be eligible for the full-expensing measures (see below).

#### Reference

Income Tax Folio S4-F15-C1, Manufacturing and Processing

**Zero-emission vehicles (ZEVs) – Classes 54 and 55** – For ZEVs acquired after March 18, 2019, two CCA classes are added. Class 55 was created for ZEVs otherwise included in class 16, essentially automobiles for lease or rent and taxicabs, with the same CCA rate of 40%. Class 54 was created for ZEVs that would otherwise be included in class 10 or 10.1, essentially other automobiles, with the same CCA rate of 30%. The CCA still applies on a declining-balance basis.

A partnership may elect to not include in class 54 or 55 a vehicle that would otherwise be a ZEV. When such an election is filed, the vehicle will no longer be considered a ZEV. As a result, the vehicle will be included in its usual CCA class 10, 10.1 or 16. A partnership has to file this election with the minister of national revenue in its return for the tax year in which the vehicle is acquired. There is no provision for late filing or amending elections.

An eligible ZEV is essentially a motor vehicle that is owned by the partnership and is for use on streets and highways (excluding a trolley bus or vehicle operated only on rails) that is fully electric, or a plug in hybrid that has a battery capacity of at least 7 kWh, or fully powered by hydrogen.

It **cannot** be a vehicle:

- for which the Government of Canada paid assistance under a prescribed program such as the federal purchase incentive announced on March 19, 2019 (presently there is only one prescribed program)
- that the partnership elected not to include in class 54 or 55

If the vehicle was acquired before March 2, 2020, it must not have been used, or acquired for use, for any purpose before it was acquired by the partnership and it cannot be a vehicle for which an amount has been deducted as CCA, or a terminal loss has been claimed, by another person or partnership.

If the vehicle was acquired after March 1, 2020, it must meet one of the following conditions:

- No CCA or terminal loss was claimed in respect of the vehicle by any person or partnership before it was acquired by the partnership
- The vehicle was **not**:
  - previously owned or acquired by the partnership or a non-arm's length person or partnership, or
  - transferred to the partnership on a tax-deferred **rollover** basis

In addition, a ZEV has to be acquired, and become available for use, after March 18, 2019, and before 2028. An enhanced first-year CCA rate is available as follows:

- 100% if it becomes available for use after March 18, 2019, and before 2024
- 75% if it becomes available for use after 2023 and before 2026

- 55% if it becomes available for use after 2025 and before 2028

For the enhanced first-year allowance, the following step should be done before calculating the CCA:

- increase the net capital cost addition to the class for property that becomes available for use before 2028 as follows:
  - For class 54, increase the capital cost addition by an amount equal to:
    - 2 ½ times the net addition to the class for property that becomes available for use before 2024
    - 1 ½ times the net addition to the class for property that becomes available for use in 2024 or 2025
    - 5/6 times the net addition to the class for property that becomes available for use after 2025 and before 2028
  - For class 55, increase the capital cost addition by an amount equal to:
    - 1 ½ times the net addition to the class for property that becomes available for use before 2024
    - 7/8 times the net addition to the class for property that becomes available for use in 2024 or 2025
    - 3/8 times the net addition to the class for property that becomes available for use after 2025 and before 2028
- suspend the so-called CCA half-year rule

Multiply the result by the prescribed CCA rate of 30% for class 54 and 40% for class 55.

The CCA will apply to any remaining balance for the classes using the set rate for each class.

These measures do not change the total amount that can be deducted over the life of the vehicle, it just allows a larger deduction in the first year.

A **ZEV** is an automobile that is included in class 54. When the capital cost of a zero-emission passenger vehicle is more than a prescribed amount (\$55,000, plus sales taxes), the capital cost of the vehicle is deemed to be the prescribed amount. This amount will be reviewed annually.

For zero-emission passenger vehicles (new and used) acquired on or after January 1, 2022, the prescribed amount is proposed to be increased from \$55,000 to \$59,000, before sales tax.

If a ZEV is disposed of to a person or partnership with which the partnership deals at arm's length and its cost is more than the prescribed amount, the proceeds of disposition will be adjusted based on a factor equal to the prescribed amount as a proportion of the actual cost of the vehicle. But for dispositions made after July 29, 2019, the actual cost of the vehicle is adjusted for any payments or repayments of government assistance.

#### **Zero-emission vehicles (other than motor vehicles) – Class 56**

Class 56 provides a temporary enhanced first-year capital cost allowance (CCA) rate of 100% for eligible

zero-emission automotive equipment (other than motor vehicles) that currently do not benefit from the accelerated rate provided by classes 54 and 55.

These vehicles and equipment are included in class 56. They have to be acquired after March 1, 2020 and become available for use before 2028.

The enhanced CCA rate applies only for the tax year in which the equipment or vehicle first becomes available for use. The enhanced first-year CCA rate is as follows:

- 100% if it becomes available for use after March 1, 2020, and before 2024
- 75% if it becomes available for use after 2023 and before 2026
- 55% if it becomes available for use after 2025 and before 2028

CCA is deductible on any remaining balance in class 56 on a declining-balance basis at a rate of 30%. An election is available to forgo class 56 treatment and instead include property in the class in which it is otherwise eligible.

To be eligible for the enhanced first-year allowance, a vehicle or equipment must be automotive (that is, self-propelled) and fully electric or powered by hydrogen. Vehicles or equipment that are powered partially by electricity or hydrogen (which includes hybrid vehicles and vehicles that require human or animal power for propulsion) are not eligible.

Class 56 captures any type of zero-emission automotive (i.e., self-propelled) equipment that is not a motor vehicle. For example, zero-emission aircraft, watercraft, trolley buses and railway locomotives. The exclusion of motor vehicles is intended to result in class 56 capturing all such automotive equipment that is not designed for use on highways or streets. Those that are designed for use on highways or streets should generally be eligible for inclusion in class 54 or 55.

Additions or alterations may also qualify for class 56 treatment if they convert automotive equipment (other than a motor vehicle) into zero-emission property. In cases where a business converts automotive equipment or vehicles to run only on electricity or hydrogen, the business would be able to claim the enhanced first-year allowance in respect of the cost of additions or alterations needed to achieve such a conversion. The enhanced allowance would be available for the fiscal period in which the converted equipment or vehicle first becomes available for use by the business.

Class 56 excludes property in respect of which CCA has previously been claimed by any person or partnership where the property was acquired by the partnership on a tax-deferred **rollover** basis or it was previously owned or acquired by the partnership or a non-arm's length person or partnership.

#### **CCA for clean energy equipment (classes 43.1 and 43.2)**

To support investment in clean technologies, CCA classes 43.1 and 43.2 have been expanded by:

- including new types of property (for example, pumped hydroelectric storage equipment)

- broadening eligibility for certain existing property types (for example, ground source heat pump systems)

This applies to property that is acquired and that becomes available for use after April 18, 2021, where it has not been used or acquired for use for any purpose before April 19, 2021.

Also, for property that becomes available for use after 2024, access to classes 43.1 and 43.2 for certain fossil-fuelled and low efficiency waste-fuelled electrical generation equipment has been restricted by:

- removing some that are currently included in these classes (for example, fossil-fuelled cogeneration systems)
- narrowing eligibility by imposing heat rate thresholds for others (for example, producer gas generating equipment)

CCA classes 43.1 and 43.2 are expanded to include air source heat pumps primarily used for space and water heating. This applies to property that is acquired and that becomes available for use after April 6, 2022, where it has not been used or acquired for use for any purpose before April 7, 2022.

These properties may benefit from the enhanced first-year CCA that currently provides full expensing of the property in the year of acquisition, subject to a gradual phase-out for property that becomes available for use after 2023 and before 2028.

#### **Accelerated investment incentive property (AIIP)**

An AIIP is a property (other than a property included in class 54 to 56) that is acquired after November 20, 2018, and becomes available for use before 2028. AIIP is a property that meets one of the following conditions:

- No capital cost allowance (CCA) or terminal loss was claimed in respect of the property by any person or partnership before it was acquired by the partnership
- The property was not:
  - previously owned or acquired by the partnership or a non-arm's length person or partnership, or
  - transferred to the partnership on a tax-deferred **rollover** basis

The following measures are available to AIIP:

- Accelerated investment incentive (AII) – Providing an enhanced first-year allowance for certain eligible property that is subject to the CCA rules. In general, the incentive is made up of two elements:
  - an increase of up to 50% of the net capital cost addition (for the purposes of calculating the CCA) to a class for property that becomes available for use before 2024
  - suspending the so-called CCA half-year rule (and equivalent rules for Canadian vessels and class 13 property) for property that becomes available for use before 2028

#### **Note**

Under the so-called half-year rule, in general, property (other than AIIP or property included in class 54 to 56) acquired during the tax year is only eligible for 50% of the normal maximum CCA for the year. You can claim

full CCA for that property in the next tax year. See Regulation 1100(2).

- Full expensing for manufacturers and processors – Allowing businesses to immediately write off the full cost of machinery and equipment used for the manufacturing or processing of goods (class 53 or property included in class 43 and acquired after 2025, if the property would have been included in class 53 if it had been acquired in 2025)
- Full expensing for clean energy investments – Allowing businesses to immediately write off the full cost of specified clean energy equipment (classes 43.1 and 43.2)

A phase-out will begin for property that becomes available for use after 2023.

An enhanced deduction also generally applies to eligible Canadian development expenses and eligible Canadian oil and gas property expenses incurred after November 20, 2018, and before 2028.

The AII applies to property for which CCA is calculated on a declining-balance basis (including class 14.1, intangible property), as well as property with straight line depreciation (for example, leasehold improvement, patents, and limited period licences).

In certain situations, rules related to limited partners, specified leasing properties, specified energy properties and rental properties can restrict a CCA deduction, or a loss in respect of such a deduction, which would otherwise be available. These rules continue to apply.

The accelerated investment incentive does not change the total amount that can be deducted over the life of the property, it just allows a larger deduction in the first year.

For more information, go to [canada.ca/taxes-accelerated-investment-income](https://canada.ca/taxes-accelerated-investment-income).

#### References

Subsection 1104(4) of the Regulations  
Income Tax Folio S3-F8-C2, Tax Incentives for Clean Energy Equipment

#### **Immediate expensing of up to \$1.5 million per year for designated immediate expensing property (DIEP)**

The immediate expensing incentive is available to eligible partnerships. An eligible partnership is a Canadian partnership all of the members of which were, throughout the fiscal period, Canadian-controlled private corporations (CCPCs), individuals (other than trusts) resident in Canada, or a combination of both. A partnership with another partnership as a member does not qualify for this incentive.

In general terms, the immediate expensing incentive is a new temporary accelerated CCA incentive that allows an eligible partnership to immediately deduct the full cost of designated immediate expensing property (DIEP), up to \$1.5 million per fiscal period. However, the amount cannot exceed its income for the fiscal period from the source in which the property is used (calculated before deducting CCA). As a result, the immediate expensing incentive cannot be used to create or to increase a partnership loss.

DIEP is property that is immediate expensing property that became available for use in the fiscal period and is designated as DIEP in prescribed form filed by the

partnership no later than 12 months after the filing due date of the partnership return for the fiscal period.

Immediate expensing property is depreciable property (other than property included in classes 1 to 6, 14.1, 17, 47, 49 and 51) that is acquired by the partnership after December 31, 2021, becomes available for use before 2024, (or before 2025 in the case of a Canadian partnership all the members of which are individuals throughout the fiscal period) and meets one of the following conditions:

- the property has never been used and no person or partnership has claimed CCA (or a terminal loss) for the property before it was acquired by the partnership
- the property was not:
  - transferred to the partnership on a tax deferred **rollover** basis, or
  - previously owned or acquired by the partnership or a non-arm's length person or partnership

The immediate expensing incentive is available only for the fiscal period in which the property becomes available for use. The \$1.5 million limit is shared among associated members of a group of eligible persons or partnerships (EPOPs) and prorated for fiscal periods that are shorter than 365 days. In order to determine whether two or more EPOPs are associated with each other, special rules have been added which are generally intended to extend the concept of "association", for purposes of this measure, to individuals and partnerships.

An eligible person or partnership (EPOP) means a corporation that was a CCPC throughout the year, an individual (other than a trust) resident in Canada throughout the year or a Canadian partnership all of the members of which were, throughout the fiscal period, CCPCs, individuals (other than trusts) resident in Canada, or a combination of both.

If the eligible capital costs are more than \$1.5 million and included in more than one CCA class, the partnership can decide to which CCA class the immediate expensing incentive is attributed.

If the partnership has less than \$1.5 million of eligible capital costs, no carry forward of excess capacity is allowed.

The immediate expensing incentive does not change the total amount of CCA that can be deducted over the life of a property, it just allows a larger deduction in the first year. The half-year rule (also known as the 50% rule) is suspended for property to which this measure is applied. Any CCA claimed in the fiscal period under this measure will reduce the UCC of the class to which the DIEP belongs for the purposes of computing any other CCA deduction for the fiscal period.

In some situations, certain rules including those related to limited partners, leasing properties, specified leasing properties, specified energy properties and rental properties can restrict a CCA deduction, or a loss in respect of such a deduction, that would otherwise be available. These rules continue to apply.

For details, see examples 6 and 7 under the heading "T5013 SCH 8 examples" starting on page 58.



## References

Regulations 1100(0.1) to (0.3) and 1104(3.1) to (3.6)

## Filling out the T5013 SCH 8

### Part 1 – Agreement between associated eligible persons or partnerships (EPOPs)

Fill out Part 1 if you are an eligible partnership that is associated in the fiscal period with one or more eligible persons or partnerships (EPOPs) and have entered into an agreement under subsection 1104(3.3) of the Regulations to share the \$1.5 million immediate expensing limit.

Provide in the table, the names of the associated EPOPs, their identification number and the percentage assigned under the agreement. Provide also the immediate expensing limit allocated to you which is \$1.5 million multiplied by the percentage assigned to you in column 3. If the sum of the percentages assigned under the agreement exceeds 100%, the immediate expensing limit is nil.

## References

Regulations 1104(3.1) to (3.6)

### Part 2 – CCA calculation

#### Column 1 – Class number

Enter the class number of your properties, using a separate line for each class number. To get this information, use the T5013 SCH 8 for the last fiscal period, or Schedule II and Parts XI and XVII of the Regulations. Then, calculate CCA on the undepreciated capital cost of all the property in that class.

Generally, all depreciable property of the same class is grouped together. However, you may sometimes have to maintain a separate record for each property in the same class. For example, property that you would usually group in the same class but use to earn income from different sources. Also, each property you elected to identify in a separate class under Regulation 1101(5q), and each class 10.1 passenger vehicle.

To determine what class (class 10 or 10.1) your passenger vehicle belongs to, do not include goods and services tax (GST), harmonized sales tax (HST), or provincial sales tax (PST) when calculating the vehicle's cost. If the passenger vehicle belongs in class 10.1, CCA is based on the set maximum cost in the fiscal period plus any taxes that apply on the maximum cost.

#### Notes

List separately any acquisitions that are not subject to the 50% rule. For more information about these types of acquisitions, see Regulations 1100(2) and (2.2).

If a class number has not been provided in Schedule II of the Regulations for a particular class of property, use the subsection provided in Regulation 1101.

## References

Regulation 7307(1)

Regulations 1100 and 1101

### Election under Regulation 1101(5q)

This election allows you to include certain property usually included in classes 8 and 43 in a separate class. You have to have acquired each property at a capital cost of at least \$1,000. The types of properties that qualify for this election

include manufacturing and processing property, computer software, photocopiers, and electronic communications equipment such as facsimile transmission devices or telephone equipment.

You can elect to classify a property in a separate class or several properties in one or more than one separate class. This election can allow you to claim a terminal loss, which is any remaining undepreciated capital cost at the time of disposition of the properties in this class. For more information on terminal losses, see "Column 23 – Terminal loss" on page 50.

### Column 2 – Undepreciated capital cost (UCC) at the beginning of the fiscal period

If this is the first fiscal period of the business or activity, do not enter any information here.

If this is not the first fiscal period of the business or activity, for each class, enter the UCC at the end of the previous fiscal period. You will find these figures in the last column of the previous fiscal period's T5013 SCH 8.

### Column 3 – Cost of acquisitions during the fiscal period (new property must be available for use)

If the partnership acquired depreciable property during the fiscal period, enter the capital cost for each class.

Depreciable property is considered acquired when it becomes available for use. Include any property acquired in previous fiscal periods that has now become available for use. This property would have been previously excluded from column 3. List separately any acquisitions of property in the class that are not subject to the 50% rule.

Generally, the amount you spend to buy a depreciable property is the capital cost of that property. It is the cost of the property, not its value. Along with the purchase price, it includes costs such as delivery, installation, legal, accounting, engineering work, GST, HST, and any PST. For more information on the GST/HST input tax credit, see the topic "Government assistance" on this page.

### Reduce the capital cost of a property by the following amounts:

- **Government assistance:** Deduct the amount of any related assistance the partnership received or is entitled to receive from a government, municipality, or other public authority in the fiscal period. Assistance includes a grant, a subsidy, and a forgivable loan.

Also, if your partnership incurred GST/HST on some of the depreciable property it bought for the business, it may have applied for, and be considered to have received, the related input tax credit. We consider this input tax credit to be government assistance

- **Investment tax credit (ITC):** The partnership may have earned an ITC on depreciable property it acquired and had available for use in the fiscal period and allocated those credits to the partners. We consider that the partnership receives this ITC as assistance. Therefore, the partnership has to deduct from the capital cost of the depreciable property the amount of ITC it allocated to the partners, whether or not the partners claimed the tax credit

- **Non-government assistance:** A partnership can elect to reduce the capital cost of depreciable property by the amount of related non-government assistance it received.

If you do not reduce the capital cost of the depreciable property by the amount of the related non-government assistance the partnership received, you have to include the assistance in the partnership income

- **Forgiven debt:** A partnership has to reduce the capital cost of a depreciable property and the UCC of a depreciable property of the applicable class by the amount of a forgiven debt obligation for which the partnership has made a designation under subsection 80(5), to the extent that subsection 80(6) permits the reduction

**Add to the capital cost of the property the following amount:**

- **Repayment of assistance:** Increase the capital cost of the property when the partnership repays any amount of assistance that previously reduced the capital cost

**Note**

Do not enter subsection 97(2) transfers in this column.

**References**

Subsections 13(7.1) and 13(7.4)  
Paragraph 12(1)(x)  
Regulations 1100(2) and (2.2)  
Income Tax Folio S3-F4-C1, General Discussion of Capital Cost Allowance

**Column 4 – Cost of acquisitions from column 3 that are designated immediate expensing property (DIEP)**

For each class, designate the immediate expensing property acquired and available for use in the fiscal period as DIEP by entering the capital cost in column 4. They are included in column 3 and shown separately in column 4.

**Reference**

Regulation 1104(3.1)

**Column 5 – Adjustments and transfers**

In some cases, you will have to adjust the undepreciated capital cost (UCC) of a property in column 5. Enter the amounts that will either **reduce** or **increase** the UCC.

If the total adjustments for any class reduce the UCC for that class, show the amount in brackets.

**Reduce** the UCC of a property by the following amounts:

- any amount by which the UCC for the class is required (otherwise than because of a reduction in the taxpayer's capital cost of depreciable property) to be reduced at or before the time of the UCC calculation because of the debt forgiveness rules in subsection 80(5)
- each amount of ITC allowed on a property for a tax year which has ended before the UCC calculation and after disposition of the property
- each amount of assistance you received (or were entitled to receive) after the disposition of a property, if such assistance would have decreased the capital cost of the property by virtue of paragraph 13(7.1)(f)
- each amount you received after February 23, 1998, and before the time of the UCC calculation for a refund of an amount as or on account of a proposed or existing

countervailing or anti-dumping duty on a particular property added to the UCC of the class

- each depreciable property transferred under section 85. Deduct the depreciable property transferred to a corporation

**Add** to the UCC of the property:

- any legally required repayment of assistance made after the disposition of a particular property, that would have otherwise increased the capital cost of the property under paragraph 13(7.1)(d)
- any legally required repayment of an inducement, assistance or any other amount contemplated in paragraph 12(1)(x) received after the disposition of a particular property, that otherwise would have increased the capital cost of the property under paragraph 13(7.4)(b)
- each amount payable after February 23, 1998, and paid before the time of the UCC calculation as or on account of a proposed or existing countervailing or anti-dumping duty on a particular property

Also include in column 5 depreciable property transferred under subsection 97(2). Show the amounts that reduce the UCC in brackets. Do not include them as income.

**References**

Subsections 13(7.1), (7.4), and (21), 80(5) and (6), 127(5), (6), and (12)  
Paragraph 12(1)(x)  
Interpretation Bulletin IT-273, Government Assistance – General Comments

**Column 6 – Amount from column 5 that is assistance received or receivable during the fiscal period for a property, subsequent to its disposition**

Enter the total amount of assistance you received (or were entitled to receive) after the disposition of a depreciable property, if such assistance would have decreased the capital cost of the property if received before the disposition by virtue of paragraph 13(7.1)(f).

The amount of assistance received (or that is entitled to be received) is included in column 5, since it reduces the capital cost of a property and is reported separately in column 6.

**References**

Subsection 13(21)  
Paragraph 13(7.1)(f)

**Column 7 – Amount from column 5 that is repaid during the fiscal period for a property, subsequent to its disposition**

In column 7, include all amounts you have repaid during the year with respect to any legally required repayment, made after the disposition of a corresponding property, of:

- assistance that would have otherwise increased the capital cost of the property under paragraph 13(7.1)(d)
- any inducements, assistance or any other amount contemplated in paragraph 12(1)(x), that otherwise would have increased the capital cost of the property under paragraph 13(7.4)(b)

These amounts are also included in column 5, since they increase the capital cost of a property. They are also reported separately in column 7.

## References

Subsection 13(21)

Paragraphs 13(7.1)(d), 13(7.4)(b), and 12(1)(x)

Regulation 1100(2.2)

### Column 8 – Proceeds of dispositions

For each class, you usually enter the total proceeds of disposition you received or you are entitled to receive for property disposed of during the fiscal period. However, if you disposed of the property for more than its capital cost, enter the capital cost, not the actual proceeds of disposition.

A capital gain results when you dispose of a depreciable property for more than its capital cost. However, losses on depreciable property **do not result** in capital losses. They may result in terminal losses. For more information about terminal losses, see “Column 23 – Terminal loss.”

#### Reference

Subsection 13(21)

### Column 9 – Proceeds of dispositions of the DIEP

For any applicable DIEP reported in column 4, enter the total proceeds of disposition if you disposed of it during the year. They are included in column 8 and shown separately in column 9.

### Column 10 – UCC

Calculate the UCC as follows:

- column 2 **plus** column 3
- **plus** or **minus** column 5 (plus if the amount is positive, or minus if the amount is negative)
- **minus** column 8

For each class of assets, this amount is the subtotal that is the UCC before the restriction on certain depreciable properties. You cannot claim CCA when the amount in column 10 is:

- positive, and no property is left in that class at the end of the fiscal period (a **terminal loss**)
- negative (a **recapture of CCA**)

**Capital gain** – If the proceeds of disposition of a depreciable property are more than its capital cost, a capital gain may occur. This capital gain should be included on Part 5 of the T5013 SCH 6.

**Capital loss** – There cannot be a capital loss on the disposition of depreciable property. In this case, your partnership may have a terminal loss.

#### Terminal loss

A terminal loss results when you dispose of all the property in a particular class and there is an amount of undepreciated capital cost left in column 10.

You have to deduct the terminal loss from the partnership income.

For more information on how to fill out the T5013 SCH 8, see “Example 1 – Terminal loss” on page 52.

#### Recapture of CCA

If the amount in column 10 is negative, you have a recapture of CCA. A recapture of CCA occurs when the proceeds of disposition in column 8 are more than the total

of columns 2 and 3, plus or minus the amount in column 5 of that class.

You have to add the recapture of CCA to the partnership income.

The recapture and terminal loss rules do not apply to passenger vehicles in class 10.1. However, the recapture rules do apply to a passenger vehicle that was, at any time, a DIEP.

Once you have entered the recapture or terminal loss from column 10 in column 22 or 23, do not complete columns 24 and 25 for that line.

#### References

Subsections 13(1), (2), and (21), 20(16.1), and 54(1)

Paragraphs 20(16)(a), 39(1)(a) and (b)

Guide T4037, Capital Gains

Income Tax Folio S3-F4-C1, General Discussion of Capital Cost Allowance

### Column 11 – UCC of the DIEP

Enter the UCC amount that relates to the DIEP reported in column 4. If the UCC amount that relates to the DIEP reported in column 4 exceeds the amount in column 10, enter in column 11 the amount from column 10. If the figure in column 10 is zero or a negative amount, enter zero.

### Column 12 – Income earned from the business or property in which the DIEP is used

Enter the net income for tax purposes (before any CCA deductions) of the source of income (business or property) in which the DIEP is used. If there is more than one source of income, the total of column 12 should be equal to the total income from all sources.

#### Reference

Regulation 1100(0.1)(c)

### Column 13 – Immediate expensing

The immediate expensing is the lesser of the following three elements:

- the immediate expensing limit for the fiscal period
- the UCC of the DIEP for the fiscal period (amount from column 11)
- the income earned (before any CCA deductions) from the business or property in which the DIEP is used

The immediate expensing limit is equal to one of the following 5 amounts, whichever is applicable:

- \$1.5 million, if the partnership is not associated (under subsection 1104(3.6) of the Regulations) with any other EPOP in the fiscal period
- the immediate expensing limit allocated to the partnership in Part 1, if it is associated with one or more EPOPs in the fiscal period
- nil, if the partnership is associated with one or more EPOPs in the fiscal period and:
  - the total of the percentages assigned in the agreement exceeds 100%, or
  - the partnership has not filed an agreement in prescribed form as required under subsection 1104(3.3) of the Regulations



- the amount determined under subsection 1104(3.5) of the Regulations for any second or subsequent fiscal period ending in a calendar year, if the partnership has two or more fiscal periods ending in the calendar year in which it is associated with another EPOP that has a tax year ending in that calendar year, or
- any amount allocated by the Minister under subsection 1104(3.4) of the Regulations

The immediate expensing limit has to be prorated if your fiscal period is less than 365 days.

#### References

Regulations 1100(0.1) and 1104(3.1) to (3.6)

#### Column 14 – Cost of acquisitions on remainder of class

Column 14 represents the cost of acquisitions after applying the immediate expensing deduction to DIEP. It includes the cost of the properties acquired during the fiscal period that are not DIEP and the cost of DIEPs in excess of the immediate expensing deduction for the fiscal period.

To calculate the amount you have to enter in column 14, do the following:

- **add** the amount in column 3
- **subtract** the amount in column 4
- **add** the amount in column 11
- **subtract** the amount in column 13

**Column 15** – Cost of acquisitions from column 14 that are accelerated investment incentive property (AIIP) or properties included in Classes 54 to 56

For each class, enter the total cost of AIIP or properties included in classes 54 to 56 that you acquired during the year. They are included in column 14 and shown separately in column 15.

AIIP generally means a property, other than property included in classes 54 to 56, acquired after November 20, 2018, and that becomes available for use before 2028.

For more details, see “Zero-emission vehicles (ZEVs) – Classes 54 and 55,” on page 43, “Zero-emission vehicles (other than motor vehicles) – Class 56,” page 43 and “Accelerated investment incentive property”, on page 44.

#### References

Regulation 1104(4)  
Schedule II of the Regulations

#### Column 16 – Remaining UCC

Column 16 represents the remaining portion of UCC after applying the immediate expensing deduction. The remaining portion of UCC will be used to calculate the CCA deduction under subsection 1100(1) of the Regulations.

**Subtract** the amount in column 13 from the amount in column 10 and enter the difference.

Reference  
Regulation 1100(0.2)

**Column 17** – Proceeds of disposition available to reduce the UCC of AIIP and property included in Classes 54 to 56

For the purposes of calculating the net amount of additions of AIIP to the class, when an AIIP and a non-AIIP are bought during the year and a disposition occurs, the disposition first offsets non-AIIP before reducing AIIP.

To calculate the amount you have to enter in column 17, do the following:

- **add** the amount in column 8
- **subtract** the amount in column 9
- **add** the amount in column 6
- **subtract** the amount in column 14
- **add** the amount in column 15
- **subtract** the amount in column 7

#### Reference

Regulation 1100(2)

**Column 18** – Net capital cost additions of AIIP and property included in Classes 54 to 56 acquired during the fiscal period

To calculate the amount you have to enter in column 18, subtract the amount in column 17 from the amount in column 15 and enter the difference.

#### Reference

Regulation 1100(2)

**Column 19** – UCC adjustment for AIIP and property included in Classes 54 to 56 acquired during the fiscal period

The remaining UCC (from column 16) is adjusted in order to include an accelerated CCA component for AIIP and property included in any of classes 54 to 56 acquired during the year. Multiply the net capital cost of additions from column 18 by 0.5 unless a different factor is provided in the legislation.

For more information on the relevant factors, see the instructions on the T5013 SCH 8.

#### Reference

Regulation 1100(2)

**Column 20** – UCC adjustment for property acquired during the fiscal period other than AIIP and property included in Classes 54 to 56

In the fiscal period that a partnership acquired depreciable property, the CCA claim was generally limited to 50% of the allowable rate for net acquisitions of property in that class. The partnership could claim the full CCA for that property starting in the next fiscal period.

This 50% rule does not apply to certain property, including AIIP and property included in classes 54 to 56. Certain properties acquired through non-arm’s length transfers or butterfly transfers (which occur in the course of certain reorganizations) are also exempt from the 50% rule. For special rules and exceptions, see Income Tax Folio S3-F4-C1, General Discussion of Capital Cost Allowance.

To apply the 50% rule, the remaining UCC of the property (from column 16) has to be adjusted. This adjustment is equal to half of the net amount of additions to the class (the net cost of acquisitions minus the proceeds of dispositions).

Enter this amount in column 20. For more information, see “Example 3 – 50% rule” on page 54.

When applying the 50% rule, the net amount of additions must take into account the adjustments in columns 6 and 7 that are not related to the designated immediate expensing property (DIEP). However, do not reduce the net amount of additions by the ITC claimed in the previous fiscal period and included in column 5.

To calculate the amount you have to enter in column 20, do the following:

- **subtract** the amount in column 15 from the amount in column 14
- **subtract** the amount in column 6
- **add** the amount in column 7
- **subtract** the amount in column 8
- **add** the amount in column 9
- **multiply** the result by 0.5

**References**

Regulations 1100(2) and 1100(2.2)

**Class 10.1 – Half-year rule on sale**

There is a special rule for a class 10.1 vehicle the partnership disposed of in the current fiscal period. In the fiscal period the partnership disposed of the vehicle, you can claim half of the CCA that would have been allowed if the partnership had still owned the vehicle. Use the half-year rule on the sale when the partnership meets **both** of the following conditions:

- the partnership disposed of a class 10.1 vehicle in the current fiscal period
- the partnership owned the same vehicle at the end of the preceding fiscal period

**References**

Regulations 1100(2) and (2.5)

**Column 21 – CCA rate %**

If you are using the declining-balance method, enter the rate provided under Part XI of the Regulations. If you are using any other method or if a rate has not been provided for a particular class of property, enter N/A in this column.

**Examples**

**Declining balance method** – The capital cost of an asset (other than an AIIP, or a property included in classes 54 to 56) is \$780,000. Assume the rate for the class is 10% and the half-year rule applies.

First year:

$$10\% \times \$780,000 = \$78,000$$

$$\$78,000 \div 2 = \$39,000 \text{ CCA (half-year rule)}$$

Second year:

$$\$780,000 - \$39,000 = \$741,000 \text{ (undepreciated capital cost)}$$

$$\$741,000 \times 10\% = \$74,100 \text{ CCA}$$

Third year:

$$\$741,000 - \$74,100 = \$666,900 \text{ (undepreciated capital cost)}$$

$$\$666,900 \times 10\% = \$66,690 \text{ CCA}$$

And so on for the following years.

**Column 22 – Recapture of CCA**

If the amount in column 10 for any class is negative, the partnership has a recapture and may also have a capital gain.

Add the amount of any recapture for each class to the partnership’s income when you reconcile the partnership’s net income or loss for income tax purposes. Enter the total from column 22 (box 230) on line 107 of the T5013 SCH 1.

The recapture rules do not apply to passenger vehicles in class 10.1. However, they do apply in respect of a passenger vehicle that was, at any time, a DIEP.

**References**

Subsections 13(1) and 13(2)

**Column 23 – Terminal loss**

When your partnership disposes of **all** the property in a particular class in a fiscal period, and there is a positive amount of UCC left in column 10, that amount is a terminal loss. You have to deduct the terminal loss from the partnership’s income. Enter the total from column 23 (box 240) on line 404 of the T5013 SCH 1.

The terminal loss rules do not apply to:

- passenger vehicles in class 10.1
- property in class 14.1, unless you have ceased carrying on the business to which it relates
- certain limited-period franchises, concessions, or licences in class 14 to which the replacement property rules applied, unless certain conditions are met

**References**

Subsection 20(16) and 20(16.1)

**Column 24 – CCA**

To claim the maximum CCA for each class for the declining-balance method, do the following:

- column 16 **plus** column 19
- **minus** column 20
- **multiply the result** by the rate in column 21
- **plus** column 13

Enter the result in column 24. You do not have to claim the maximum allowable CCA. You can claim any amount up to the maximum allowed.

If the fiscal period is less than 365 days, prorate the CCA claim for all property except for those classes of property that Regulation 1100(3) excludes. The exceptions in Regulation 1100(3) include:

- class 14 assets
- class 15 assets
- timber limits and cutting rights
- industrial mineral mines
- certified productions
- Canadian film or video productions

- certain mining equipment in classes 28 and 41

To calculate the maximum CCA claim, multiply the maximum CCA for a complete fiscal period by the number of days in the tax year and divide by 365.

Enter the total of CCA amounts, or the lower amounts, in line 250, and report it at line 403 of the T5013 SCH 1.

Report the partner's share of CCA on depreciable property in box 040 of the partner's T5013 slips.

**Reference**

Regulation 1100(3)

**Column 25 – UCC at the end of the fiscal period**

For each class, calculate this amount by subtracting column 24 from the amount in column 10 and enter the difference.

**Note**

The amount for each class in this column is the amount you enter in column 2 on the T5013 SCH 8 for the next fiscal period.

See the following examples for completing the T5013 SCH 8.

**References**

Guide T4002, Self-employed Business, Professional, Commission, Farming, and Fishing Income

Guide RC4060, Farming Income and the AgriStability and AgriInvest Programs – Joint Forms and Guide

Guide RC4408, Farming Income and the AgriStability and AgriInvest Programs Harmonized Guide

## T5013 SCH 8 examples

### Example 1 – Terminal loss

An import-export business decided to sell its warehouse because it was better to lease instead. The business received \$60,000 for the warehouse. At the end of the 2021 fiscal period, the business had no assets remaining in class 3.

The business's T5013 SCH 8 for its 2021 fiscal period looks like this:

| 1<br>Class number | 2<br>Undepreciated capital cost (UCC) at the beginning of the fiscal period | 3<br>Cost of acquisitions during the fiscal period (new property must be available for use) | 4<br>Cost of acquisitions from column 3 that are designated immediate expensing property (DIEP) | 5<br>Adjustments and transfers (show amounts that will reduce the UCC in brackets) | 6<br>Amount from column 5 that is assistance received or receivable during the fiscal period for a property, subsequent to its disposition | 7<br>Amount from column 5 that is repaid during the fiscal period for a property, subsequent to its disposition | 8<br>Proceeds of dispositions |
|-------------------|---|---|---|--|--|---|-------------------------------|
| 200               | 201   | 203   | 232   | 205  | 221  | 222   | 207                           |
| 3                 | \$65,000  |   |   |  |  |   | \$60,000                      |
|                   |   |   |   |  |  |   |                               |
|                   |   |   |   |  |  |   |                               |

| 9<br>Proceeds of dispositions of the DIEP (enter amount from column 8 that relates to the DIEP reported in column 4) | 10<br>UCC (column 2 plus column 3 plus or minus column 5 minus column 8) | 11<br>UCC of the DIEP (enter the UCC amount that relates to the DIEP reported in column 4) | 12<br>Income earned from the business or property in which the DIEP is used | 13<br>Immediate expensing | 14<br>Cost of acquisitions on remainder of Class (column 3 minus column 4 plus column 11 minus column 13) | 15<br>Cost of acquisitions from column 14 that are accelerated investment incentive properties (AIIIP) or properties included in Classes 54 to 56 | 16<br>Remaining UCC (column 10 minus column 13) (if negative, enter "0") | 17<br>Proceeds of disposition available to reduce the UCC of AIIIP and property included in Classes 54 to 56 (column 8 minus column 9 plus column 6 minus column 14 plus column 15 minus column 7) (if negative, enter "0") |
|--|--|--|---|---------------------------|---|---|--|---|
| 234  | 235  | 236  | 237   | 238                       | 239   | 225   | 226  | 227   |
|  | \$5,000  |  |   |                           | N/A   |   |  |   |
|  |  |  |   |                           |   |   |  |   |
|  |  |  |   |                           |   |   |  |   |

| 18<br>Net capital cost additions of AIIIP and property included in Classes 54 to 56 acquired during the fiscal period (column 15 minus column 17) (if negative, enter "0") | 19<br>UCC adjustment for AIIIP and property included in Classes 54 to 56 acquired during the fiscal period (column 18 multiplied by the relevant factor) | 20<br>UCC adjustment for property acquired during the fiscal period other than AIIIP and property included in Classes 54 to 56 (0.5 multiplied by the result of column 14 minus column 15 minus column 6 plus column 7 minus column 8 plus column 9) (if negative, enter "0") | 21<br>CCA rate % | 22<br>Recapture of CCA | 23<br>Terminal loss | 24<br>CCA (for declining balance method, the result of column 16 plus column 19 minus column 20, multiplied by column 21 or a lower amount, plus column 13) | 25<br>UCC at the end of the fiscal period (column 10 minus column 24) |
|--|--|---|------------------|------------------------|---------------------|---|---|
| 224  | 211  | 212   | 213              | 214                    | 215                 | 217   | 220   |
|  |  |   | N/A              |                        | \$5,000             |   |   |
|  |  |   |                  |                        |                     |   |   |
|  |  |   |                  |                        |                     |   |   |

The amount in column 23 is a terminal loss.

The import-export business deducts the \$5,000 terminal loss from its income (line 404 of the T5013 SCH 1).

## Example 2 – Recapture of CCA

A clothing business bought a sewing machine in 2019 for \$15,000. The machine qualified for the accelerated investment incentive. Because of the business's overwhelming success in retail, it decided to concentrate only on retailing. As a result, the business sold its sewing machine in 2021 for \$18,000 (but the proceeds of disposition in column 8 cannot be more than \$15,000, the capital cost). At the beginning of 2021, the UCC of class 8 (which includes other property) was \$8,400.

The business's T5013 SCH 8 for its fiscal period ending December 31, 2021, looks like this:

| 1<br>Class number   | 2<br>Undepreciated capital cost (UCC) at the beginning of the fiscal period   | 3<br>Cost of acquisitions during the fiscal period (new property must be available for use)  | 4<br>Cost of acquisitions from column 3 that are designated immediate expensing property (DIEP) | 5<br>Adjustments and transfers (show amounts that will reduce the UCC in brackets) | 6<br>Amount from column 5 that is assistance received or receivable during the fiscal period for a property, subsequent to its disposition | 7<br>Amount from column 5 that is repaid during the fiscal period for a property, subsequent to its disposition   | 8<br>Proceeds of dispositions  |  |
|---|---|--|---|--|--|---|--|--|
| 200   | 201   | 203  | 232   | 205  | 221  | 222   | 207  |  |
| 8   | \$8,400   |  |   |  |  |   | \$15,000   |  |
|   |   |  |   |  |  |   |  |  |
|   |   |  |   |  |  |   |  |  |
| 9<br>Proceeds of dispositions of the DIEP (enter amount from column 8 that relates to the DIEP reported in column 4)  | 10<br>UCC (column 2 plus column 3 or minus column 5)  | 11<br>UCC of the DIEP (enter the UCC amount that relates to the DIEP reported in column 4)   | 12<br>Income earned from the business or property in which the DIEP is used                     | 13<br>Immediate expensing  | 14<br>Cost of acquisitions on remainder of Class (column 3 minus column 4 plus column 11 minus column 13)                                  | 15<br>Cost of acquisitions from column 14 that are accelerated investment incentive properties (AIIP) or properties included in Classes 54 to 56            | 16<br>Remaining UCC (column 10 minus column 13) (if negative, enter "0") | 17<br>Proceeds of disposition available to reduce the UCC of AIIP and property included in Classes 54 to 56 (column 8 minus column 9 plus column 6 minus column 14 plus column 15 minus column 7) (if negative, enter "0") |
| 234   | 235   | 236  | 237   | 238  | 239  | 225   | 226  | 227  |
|   | (\$6,600)   |  |   |  |  |   |  |  |
|   |   |  |   |  |  |   |  |  |
|   |   |  |   |  |  |   |  |  |
| 18<br>Net capital cost additions of AIIP and property included in Classes 54 to 56 acquired during the fiscal period (column 15 minus column 17) (if negative, enter "0") | 19<br>UCC adjustment for AIIP and property included in Classes 54 to 56 acquired during the fiscal period (column 18 multiplied by the relevant factor) | 20<br>UCC adjustment for property acquired during the fiscal period other than AIIP and property included in Classes 54 to 56 (0.5 multiplied by the result of column 14 minus column 15 minus column 6 plus column 7 minus column 8 plus column 9) (if negative, enter "0") | 21<br>CCA rate %  | 22<br>Recapture of CCA   | 23<br>Terminal loss  | 24<br>CCA (for declining balance method, the result of column 16 plus column 19 minus column 20, multiplied by column 21 or a lower amount, plus column 13) | 25<br>UCC at the end of the fiscal period (column 10 minus column 24)    |  |
| 224   | 225   | 224  | 212   | 213  | 215  | 217   | 220  |  |
|   |   |  | N/A   | \$6,600  |  |   |  |  |
|   |   |  |   |  |  |   |  |  |
|   |   |  |   |  |  |   |  |  |

The amount in column 22 is the recapture of CCA.

The clothing business includes the \$6,600 recapture in its income (line 107 of the T5013 SCH 1).

The capital gain is \$18,000 minus \$15,000, which equals \$3,000. The clothing business includes the \$3,000 capital gain in Part 5 of the T5013 SCH 6.

**Example 3 – 50% rule**

On January 1, 2021, a bookstore bought a photocopier (that does not meet all of the conditions to be considered AIIP) to help keep up with the paperwork, and started using it right away. The copier cost \$10,000. The bookstore has to apply the 50% rule when it calculates the amount of CCA it can deduct for its fiscal period ending December 31, 2021. At the beginning of the fiscal period, the undepreciated capital cost of class 8 was \$14,000.

The bookstore’s T5013 SCH 8 for its fiscal period ending December 31, 2021, looks like this:

| 1<br>Class number | 2<br>Undepreciated capital cost (UCC) at the beginning of the fiscal period | 3<br>Cost of acquisitions during the fiscal period (new property must be available for use) | 4<br>Cost of acquisitions from column 3 that are designated immediate expensing property (DIEP) | 5<br>Adjustments and transfers (show amounts that will reduce the UCC in brackets) | 6<br>Amount from column 5 that is assistance received or receivable during the fiscal period for a property, subsequent to its disposition | 7<br>Amount from column 5 that is repaid during the fiscal period for a property, subsequent to its disposition | 8<br>Proceeds of dispositions |
|-------------------|---|---|---|--|--|---|-------------------------------|
| 200               | 201   | 203   | 232   | 205  | 221  | 222   | 207                           |
| 8                 | \$14,000  | \$10,000  |   |  |  |   |                               |
|                   |   |   |   |  |  |   |                               |
|                   |   |   |   |  |  |   |                               |
|                   |   |   |   |  |  |   |                               |

| 9<br>Proceeds of dispositions of the DIEP (enter amount from column 8 that relates to the DIEP reported in column 4) | 10<br>UCC (column 2 plus column 3 plus or minus column 5 minus column 8) | 11<br>UCC of the DIEP (enter the UCC amount that relates to the DIEP reported in column 4) | 12<br>Income earned from the business or property in which the DIEP is used | 13<br>Immediate expensing | 14<br>Cost of acquisitions on remainder of Class (column 3 minus column 4 plus column 11 minus column 13) | 15<br>Cost of acquisitions from column 14 that are accelerated investment incentive properties (AIIP) or properties included in Classes 54 to 56 | 16<br>Remaining UCC (column 10 minus column 13) (if negative, enter "0") | 17<br>Proceeds of disposition available to reduce the UCC of AIIP and property included in Classes 54 to 56 (column 8 minus column 9 plus column 6 minus column 14 plus column 15 minus column 7) (if negative, enter "0") |
|--|--|--|---|---------------------------|---|--|--|--|
| 234  |  | 236  | 237   | 238                       |   | 225  |  |  |
|  | \$24,000   |  |   |                           | \$10,000  |  | \$24,000   |  |
|  |  |  |   |                           |   |  |  |  |
|  |  |  |   |                           |   |  |  |  |
|  |  |  |   |                           |   |  |  |  |

| 18<br>Net capital cost additions of AIIP and property included in Classes 54 to 56 acquired during the fiscal period (column 15 minus column 17) (if negative, enter "0") | 19<br>UCC adjustment for AIIP and property included in Classes 54 to 56 acquired during the fiscal period (column 18 multiplied by the relevant factor) | 20<br>UCC adjustment for property acquired during the fiscal period other than AIIP and property included in Classes 54 to 56 (0.5 multiplied by the result of column 14 minus column 15 minus column 6 plus column 7 minus column 8 plus column 9) (if negative, enter "0") | 21<br>CCA rate % | 22<br>Recapture of CCA | 23<br>Terminal loss | 24<br>CCA (for declining balance method, the result of column 16 plus column 19 minus column 20, multiplied by column 21 or a lower amount, plus column 13) | 25<br>UCC at the end of the fiscal period (column 10 minus column 24) |
|---|---|--|------------------|------------------------|---------------------|---|---|
|   |   | 224  | 212              | 213                    | 215                 | 217   | 220   |
|   |   | \$5,000  | 20               |                        |                     | \$3,800   | \$20,200  |
|   |   |  |                  |                        |                     |   |   |
|   |   |  |                  |                        |                     |   |   |

The amount in column 24 is the CCA for the fiscal period.

The bookstore deducts the \$3,800 from its income (line 403 of the T5013 SCH 1).

#### Example 4 – Accelerated investment incentive property

A grocery store bought refrigeration equipment to store fruits and vegetables for \$20,000 during its fiscal period. The fiscal period starts on April 1, 2020, and ends on March 31, 2021.

All properties bought during the fiscal period qualify for the accelerated investment incentive and are referred to as AIIP. They are reported in columns 3, 14, and 15.

The amount of AIIP subject to the CCA deduction is \$20,000 plus an additional relevant factor of 50% (calculated in column 19) for a total amount of **\$30,000**. AIIP are also not subject to the half-year rule.

Without the accelerated investment incentive, the amount of property bought during the fiscal period subject to the CCA deduction would be **\$10,000** as the half-year rule would apply.

The accelerated investment incentive allows the grocery store to claim up to three times the amount of CCA otherwise deductible in the first year.

The grocery store's T5013 SCH 8 for its fiscal period ending March 31, 2021, looks like this:

| 1<br>Class number   | 2<br>Undepreciated capital cost (UCC) at the beginning of the fiscal period   | 3<br>Cost of acquisitions during the fiscal period (new property must be available for use)  | 4<br>Cost of acquisitions from column 3 that are designated immediate expensing property (DIEP) | 5<br>Adjustments and transfers (show amounts that will reduce the UCC in brackets) | 6<br>Amount from column 5 that is assistance received or receivable during the fiscal period for a property, subsequent to its disposition | 7<br>Amount from column 5 that is repaid during the fiscal period for a property, subsequent to its disposition   | 8<br>Proceeds of dispositions  |  |
|---|---|--|---|--|--|---|--|--|
| 200   | 201   | 203  | 232   | 205  | 221  | 222   | 207  |  |
| 8   | \$45,000  | \$20,000   |   |  |  |   |  |  |
|   |   |  |   |  |  |   |  |  |
|   |   |  |   |  |  |   |  |  |
| 9<br>Proceeds of dispositions of the DIEP (enter amount from column 8 that relates to the DIEP reported in column 4)  | 10<br>UCC (column 2 plus column 3 plus or minus column 5 minus column 8)  | 11<br>UCC of the DIEP (enter the UCC amount that relates to the DIEP reported in column 4)   | 12<br>Income earned from the business or property in which the DIEP is used                     | 13<br>Immediate expensing  | 14<br>Cost of acquisitions on remainder of Class (column 3 minus column 4 plus column 11 minus column 13)                                  | 15<br>Cost of acquisitions from column 14 that are accelerated investment incentive properties (AIIP) or properties included in Classes 54 to 56            | 16<br>Remaining UCC (column 10 minus column 13) (if negative, enter "0") | 17<br>Proceeds of disposition available to reduce the UCC of AIIP and property included in Classes 54 to 56 (column 8 minus column 9 plus column 6 minus column 14 plus column 15 minus column 7) (if negative, enter "0") |
| 234   | 235   | 236  | 237   | 238  | 239  | 225   | 226  | 227  |
|   | \$65,000  |  |   |  | \$20,000   | \$20,000  | \$65,000   |  |
|   |   |  |   |  |  |   |  |  |
|   |   |  |   |  |  |   |  |  |
| 18<br>Net capital cost additions of AIIP and property included in Classes 54 to 56 acquired during the fiscal period (column 15 minus column 17) (if negative, enter "0") | 19<br>UCC adjustment for AIIP and property included in Classes 54 to 56 acquired during the fiscal period (column 18 multiplied by the relevant factor) | 20<br>UCC adjustment for property acquired during the fiscal period other than AIIP and property included in Classes 54 to 56 (0.5 multiplied by the result of column 14 minus column 15 minus column 6 plus column 7 minus column 8 plus column 9) (if negative, enter "0") | 21<br>CCA rate %  | 22<br>Recapture of CCA   | 23<br>Terminal loss  | 24<br>CCA (for declining balance method, the result of column 16 plus column 19 minus column 20, multiplied by column 21 or a lower amount, plus column 13) | 25<br>UCC at the end of the fiscal period (column 10 minus column 24)    |  |
| 211   | 212   | 224  | 212   | 213  | 215  | 217   | 220  |  |
| \$20,000  | \$10,000  |  | 20  |  |  | \$15,000  | \$50,000   |  |
|   |   |  |   |  |  |   |  |  |
|   |   |  |   |  |  |   |  |  |

**Example 5 – AIPP and non-AIPP**

A potato producer bought tractors for \$200,000 during its fiscal period. The fiscal period starts on April 1, 2020, and ends on March 31, 2021.

Properties that qualify for the accelerated investment incentive are referred to as AIPP and equal to \$150,000. They are included in the columns 3 and 14, and reported separately in column 15.

The amount of AIPP subject to the CCA deduction is \$150,000 plus an additional relevant factor of 50% (calculated in column 19) for a total amount of \$225,000. AIPP is not subject to the half-year rule.

Properties bought during the year that are not AIPP (\$50,000, which is the difference between columns 14 and 15) are not eligible for any enhancement from column 19 and are subject to the half-year rule calculation in column 20.

The producer’s T5013 SCH 8 for its fiscal period ending March 31, 2021, looks like this:

| 1<br>Class number | 2<br>Undepreciated capital cost (UCC) at the beginning of the fiscal period | 3<br>Cost of acquisitions during the fiscal period (new property must be available for use) | 4<br>Cost of acquisitions from column 3 that are designated immediate expensing property (DIEP) | 5<br>Adjustments and transfers (show amounts that will reduce the UCC in brackets) | 6<br>Amount from column 5 that is assistance received or receivable during the fiscal period for a property, subsequent to its disposition | 7<br>Amount from column 5 that is repaid during the fiscal period for a property, subsequent to its disposition | 8<br>Proceeds of dispositions |
|-------------------|---|---|---|--|--|---|-------------------------------|
| <b>200</b>        | <b>201</b>  | <b>203</b>  | <b>232</b>  | <b>205</b>   | <b>221</b>   | <b>222</b>  | <b>207</b>                    |
| <b>10</b>         | <b>\$450,000</b>  | <b>\$200,000</b>  |   |  |  |   |                               |
|                   |   |   |   |  |  |   |                               |
|                   |   |   |   |  |  |   |                               |

| 9<br>Proceeds of dispositions of the DIEP (enter amount from column 8 that relates to the DIEP reported in column 4) | 10<br>UCC (column 2 plus column 3 plus or minus column 5 minus column 8) | 11<br>UCC of the DIEP (enter the UCC amount that relates to the DIEP reported in column 4) | 12<br>Income earned from the business or property in which the DIEP is used | 13<br>Immediate expensing | 14<br>Cost of acquisitions on remainder of Class (column 3 minus column 4 plus column 11 minus column 13) | 15<br>Cost of acquisitions from column 14 that are accelerated investment incentive properties (AIPP) or properties included in Classes 54 to 56 | 16<br>Remaining UCC (column 10 minus column 13) (if negative, enter "0") | 17<br>Proceeds of disposition available to reduce the UCC of AIPP and property included in Classes 54 to 56 (column 8 minus column 9 plus column 6 minus column 14 plus column 15 minus column 7) (if negative, enter "0") |
|--|--|--|---|---------------------------|---|--|--|--|
| <b>234</b>   | <b>235</b>   | <b>236</b>   |   | <b>238</b>                | <b>237</b>  | <b>225</b>   | <b>239</b>   | <b>240</b>   |
|  | <b>\$650,000</b>   |  |   |                           | <b>\$200,000</b>  | <b>\$150,000</b>   | <b>\$650,000</b>   |  |
|  |  |  |   |                           |   |  |  |  |
|  |  |  |   |                           |   |  |  |  |

| 18<br>Net capital cost additions of AIPP and property included in Classes 54 to 56 acquired during the fiscal period (column 15 minus column 17) (if negative, enter "0") | 19<br>UCC adjustment for AIPP and property included in Classes 54 to 56 acquired during the fiscal period (column 18 multiplied by the relevant factor) | 20<br>UCC adjustment for property acquired during the fiscal period other than AIPP and property included in Classes 54 to 56 (0.5 multiplied by the result of column 14 minus column 15 minus column 6 plus column 7 minus column 8 plus column 9) (if negative, enter "0") | 21<br>CCA rate % | 22<br>Recapture of CCA | 23<br>Terminal loss | 24<br>CCA (for declining balance method, the result of column 16 plus column 19 minus column 20, multiplied by column 21 or a lower amount, plus column 13) | 25<br>UCC at the end of the fiscal period (column 10 minus column 24) |
|---|---|--|------------------|------------------------|---------------------|---|---|
| <b>211</b>  | <b>212</b>  | <b>224</b>   | <b>212</b>       | <b>213</b>             | <b>215</b>          | <b>217</b>  | <b>220</b>  |
| <b>\$150,000</b>  | <b>\$75,000</b>   | <b>\$25,000</b>  | <b>30</b>        |                        |                     | <b>\$210,000</b>  | <b>\$440,000</b>  |
|   |   |  |                  |                        |                     |   |   |
|   |   |  |                  |                        |                     |   |   |



### Example 6 – Designated immediate expensing property (DIEP)

A new partnership (that meets all the conditions to be considered an EPOP) decides to start a business. Its fiscal period started on November 1, 2021, and ended on October 31, 2022. On May 1, 2022, it purchased Class 10 assets for \$1.2 million. The partnership is not associated with any other eligible person or partnership (EPOP) during the fiscal period.

All properties bought during the fiscal period qualify for the immediate expensing incentive and are referred to as DIEP. Those properties are included in column 3 and reported separately in column 4.

The partnership’s net income for tax purposes (before any CCA deductions) from the business in which the DIEP is used is \$2 million for its fiscal period ending October 31, 2022.

The amount of immediate expensing allowed is the lesser of (a) the immediate expensing limit (\$1.5 million), (b) the UCC of the DIEP (\$1.2 million) and (c) the net income for tax purposes (before any CCA deductions) from the business (\$2 million) resulting in a limit of \$1.2 million.

In this scenario, the immediate expensing incentive allows the partnership to deduct the full cost of the asset in the first fiscal period.

The partnership’s T5013 SCH 8 for its fiscal period ending October 31 2022, looks like this:

| 1<br>Class number  | 2<br>Undepreciated capital cost (UCC) at the beginning of the fiscal period  | 3<br>Cost of acquisitions during the fiscal period (new property must be available for use)   | 4<br>Cost of acquisitions from column 3 that are designated immediate expensing property (DIEP) | 5<br>Adjustments and transfers (show amounts that will reduce the UCC in brackets) | 6<br>Amount from column 5 that is assistance received or receivable during the fiscal period for a property, subsequent to its disposition | 7<br>Amount from column 5 that is repaid during the fiscal period for a property, subsequent to its disposition   | 8<br>Proceeds of dispositions  |   |
|--|--|---|---|--|--|---|--|---|
| <b>200</b>   | <b>201</b>   | <b>203</b>  | <b>232</b>  | <b>205</b>   | <b>221</b>   | <b>222</b>  | <b>207</b>   |   |
| <b>10</b>  | <b>\$0</b>   | <b>\$1,200,000</b>  | <b>\$1,200,000</b>  |  |  |   |  |   |
|  |  |   |   |  |  |   |  |   |
|  |  |   |   |  |  |   |  |   |
| 9<br>Proceeds of dispositions of the DIEP (enter amount from column 8 that relates to the DIEP reported in column 4)   | 10<br>UCC (column 2 plus column 3 plus or minus column 5 minus column 8)   | 11<br>UCC of the DIEP (enter the UCC amount that relates to the DIEP reported in column 4)  | 12<br>Income earned from the business or property in which the DIEP is used                     | 13<br>Immediate expensing  | 14<br>Cost of acquisitions on remainder of Class (column 3 minus column 4 plus column 11 minus column 13)                                  | 15<br>Cost of acquisitions from column 14 that are accelerated investment incentive properties (AIIIP) or properties included in Classes 54 to 56           | 16<br>Remaining UCC (column 10 minus column 13) (if negative, enter "0") | 17<br>Proceeds of disposition available to reduce the UCC of AIIIP and property included in Classes 54 to 56 (column 8 minus column 9 plus column 6 minus column 14 plus column 15 minus column 7) (if negative, enter "0") |
| <b>234</b>   |  | <b>236</b>  | <b>237</b>  | <b>238</b>   |  | <b>225</b>  |  |   |
|  | <b>\$1,200,000</b>   | <b>\$1,200,000</b>  | <b>\$2,000,000</b>  | <b>\$1,200,000</b>   |  |   |  |   |
|  |  |   |   |  |  |   |  |   |
|  |  |   |   |  |  |   |  |   |
| 18<br>Net capital cost additions of AIIIP and property included in Classes 54 to 56 acquired during the fiscal period (column 15 minus column 17) (if negative, enter "0") | 19<br>UCC adjustment for AIIIP and property included in Classes 54 to 56 acquired during the fiscal period (column 18 multiplied by the relevant factor) | 20<br>UCC adjustment for property acquired during the fiscal period other than AIIIP and property included in Classes 54 to 56 (0.5 multiplied by the result of column 14 minus column 15 minus column 6 plus column 7 minus column 8 plus column 9) (if negative, enter "0") | 21<br>CCA rate %  | 22<br>Recapture of CCA   | 23<br>Terminal loss  | 24<br>CCA (for declining balance method, the result of column 16 plus column 19 minus column 20, multiplied by column 21 or a lower amount, plus column 13) | 25<br>UCC at the end of the fiscal period (column 10 minus column 24)    |   |
|  |  | <b>224</b>  | <b>212</b>  | <b>213</b>   | <b>215</b>   | <b>217</b>  | <b>220</b>   |   |
|  |  |   | <b>30</b>   |  |  | <b>\$1,200,000</b>  |  |   |
|  |  |   |   |  |  |   |  |   |

## Example 7 – DIEP and non-DIEP

Let us assume that the partnership mentioned in example 6 above purchased instead Class 10 assets on December 1, 2021, for \$1 million and May 1, 2022, for \$1.8 million. All the properties bought during the fiscal period qualify for the accelerated investment incentive.

Properties that qualify as DIEP must be acquired by the partnership after December 31, 2021. The total cost of DIEP would therefore be \$1.8 million. Those properties are included in column 3 and reported separately in column 4.

The amount of immediate expensing allowed is the lesser of (a) the immediate expensing limit (\$1.5 million), (b) the UCC of the DIEP (\$1.8 million) and (c) the net income for tax purposes (before any CCA deductions) from the business (\$2 million) resulting in a limit of \$1.5 million. The remaining \$1.3 million, which is made of property not eligible for the DIEP designation (the asset purchased on December 1, 2021, for \$1 million) and the remaining portion of the DIEP not eligible for immediate expensing (\$300,000, which is the difference between the UCC of the DIEP of \$1.8 million and the \$1.5 million immediate expensing), is eligible for the accelerated investment incentive.

The amount of AIPP subject to the CCA deduction is \$1.3 million plus an additional relevant factor of 50% (calculated in column 19) for a total amount of \$1,950,000 on which the CCA rate of 30% is applied resulting in CCA of \$585,000. The immediate expensing of \$1.5 million is added to that amount to get a total CCA deduction of \$2,085,000 in column 24.

The partnership's T5013 SCH 8 for its fiscal period ending October 31, 2022, would look like this:

| 1   | 2   | 3  | 4  | 5   | 6   | 7   | 8  |  |
|---|---|--|--|---|---|---|--|--|
| Class number  | Undepreciated capital cost (UCC) at the beginning of the fiscal period  | Cost of acquisitions during the fiscal period (new property must be available for use)   | Cost of acquisitions from column 3 that are designated immediate expensing property (DIEP) | Adjustments and transfers (show amounts that will reduce the UCC in brackets) | Amount from column 5 that is assistance received or receivable during the fiscal period for a property, subsequent to its disposition | Amount from column 5 that is repaid during the fiscal period for a property, subsequent to its disposition  | Proceeds of dispositions   |  |
| 200   | 201   | 203  | 232  | 205   | 221   | 222   | 207  |  |
| 10  | \$0   | \$2,800,000  | \$1,800,000  |   |   |   |  |  |
|   |   |  |  |   |   |   |  |  |
|   |   |  |  |   |   |   |  |  |
| 9   | 10  | 11   | 12   | 13  | 14  | 15  | 16   | 17   |
| Proceeds of dispositions of the DIEP (enter amount from column 8 that relates to the DIEP reported in column 4)   | UCC (column 2 plus column 3 plus or minus column 5 minus column 8)  | UCC of the DIEP (enter the UCC amount that relates to the DIEP reported in column 4)   | Income earned from the business or property in which the DIEP is used                      | Immediate expensing   | Cost of acquisitions on remainder of Class (column 3 minus column 4 plus column 11 minus column 13)                                   | Cost of acquisitions from column 14 that are accelerated investment incentive properties (AIPP) or properties included in Classes 54 to 56            | Remaining UCC (column 10 minus column 13) (if negative, enter "0") | Proceeds of disposition available to reduce the UCC of AIPP and property included in Classes 54 to 56 (column 8 minus column 9 plus column 6 minus column 14 plus column 15 minus column 7) (if negative, enter "0") |
| 234   | 235   | 236  | 237  | 238   | 239   | 225   | 230  | 231  |
|   | \$2,800,000   | \$1,800,000  | \$2,000,000  | \$1,500,000   | \$1,300,000   | \$1,300,000   | \$1,300,000  |  |
|   |   |  |  |   |   |   |  |  |
|   |   |  |  |   |   |   |  |  |
| 18  | 19  | 20   | 21   | 22  | 23  | 24  | 25   |  |
| Net capital cost additions of AIPP and property included in Classes 54 to 56 acquired during the fiscal period (column 15 minus column 17) (if negative, enter "0") | UCC adjustment for AIPP and property included in Classes 54 to 56 acquired during the fiscal period (column 18 multiplied by the relevant factor) | UCC adjustment for property acquired during the fiscal period other than AIPP and property included in Classes 54 to 56 (0.5 multiplied by the result of column 14 minus column 15 minus column 6 plus column 7 minus column 8 plus column 9) (if negative, enter "0") | CCA rate %   | Recapture of CCA  | Terminal loss   | CCA (for declining balance method, the result of column 16 plus column 19 minus column 20, multiplied by column 21 or a lower amount, plus column 13) | UCC at the end of the fiscal period (column 10 minus column 24)    |  |
| 211   | 212   | 224  | 212  | 213   | 215   | 217   | 220  |  |
| \$1,300,000   | \$650,000   |  | 30   |   |   | \$2,085,000   | \$715,000  |  |
|   |   |  |  |   |   |   |  |  |
|   |   |  |  |   |   |   |  |  |

## List of the most common CCA rates and classes

For a complete list of rates, see Schedule II of the Income Tax Regulations.

| Class number | Description   | CCA rate |
|--------------|---|----------|
| 1            | Most buildings made of brick, stone, or cement acquired after 1987, including their component parts such as electric wiring, lighting fixtures, plumbing, heating and cooling equipment, elevators, and escalators (additional allowance of 6% for buildings used for manufacturing and processing in Canada and 2% for buildings used for other non-residential purposes, for buildings acquired after March 18, 2007)   | 4%       |
| 3            | Most buildings made of brick, stone, or cement acquired before 1988, including their component parts as listed in class 1 above   | 5%       |
| 6            | Buildings made of frame, log, stucco on frame, galvanized iron, or corrugated metal that are used in the business of farming or fishing, or that have no footings below ground; fences and most greenhouses   | 10%      |
| 7            | Canoes, boats, and most other vessels, including their furniture, fittings, or equipment  | 15%      |
| 8            | Property that is not included in any other class such as furniture, calculators and cash registers (that do not record multiple sales taxes), photocopy and fax machines, printers, display fixtures, refrigeration equipment, machinery, tools costing \$500 or more, and outdoor advertising billboards and greenhouses with rigid frames and plastic covers  | 20%      |
| 9            | Aircraft, including furniture, fittings, or equipment attached, and their spare parts   | 25%      |
| 10           | Automobiles (except taxis and others used for lease or rent), vans, wagons, trucks, buses, tractors, trailers, drive in theatres, general purpose electronic data processing equipment (for example, personal computers) and systems software, and timber cutting and removing equipment  | 30%      |
| 10.1         | Passenger vehicles costing more than \$30,000 (before tax) if acquired after 2000 and before January 1, 2022. If acquired after December 31, 2021, for passenger vehicles costing more than \$34,000 (before tax)”  | 30%      |
| 12           | Chinaware, cutlery, linen, uniforms, dies, jigs, moulds or lasts, computer software (except systems software), cutting or shaping parts of a machine, certain property used for earning rental income such as apparel or costumes, and videotape cassettes; certain property costing less than \$500 such as kitchen utensils, tools, and medical or dental equipment acquired after May 1, 2006  | 100%     |
| 13           | Property that is a leasehold interest (the maximum CCA rate depends on the type of leasehold and the terms of the lease)  | n/a      |
| 14           | Patents, franchises, concessions, and licences for a limited period – the CCA is limited to whichever is less: <ul style="list-style-type: none"> <li>■ the capital cost of the property spread out over the life of the property, or</li> <li>■ the undepreciated capital cost of the property at the end of the tax year</li> </ul> Class 14 also includes patents, and licences to use patents for a limited period, that you elect not to include in class 44 | n/a      |
| 14.1         | As of January 1, 2017, intangible capital property, previously known as eligible capital property, including goodwill, trademarks, franchises, concessions, or licences for an unlimited period, patents and licences to use patents for an unlimited period, that you elect not to include in class 44. For each tax year that ends before 2027, an additional 2% CCA is allowed for property acquired before 2017 (maximum \$500)                               | 5%       |
| 16           | Automobiles for lease or rent, taxicabs, and coin-operated video games or pinball machines; certain tractors and large trucks acquired after December 6, 1991, that are used to haul freight and that weigh more than 11,788 kilograms  | 40%      |
| 17           | Roads, sidewalks, parking-lot or storage areas, telephone, telegraph, or non-electronic data communication switching equipment  | 8%       |
| 29           | Machinery and equipment acquired after March 18, 2007, and before 2016 that is used in Canada mainly to manufacture and process goods for sale or lease   | 50%      |
| 38           | Most power-operated movable equipment acquired after 1987 used for moving, excavating, placing, or compacting earth, rock, concrete, or asphalt   | 30%      |

| <b>Class number</b> | <b>Description</b>   | <b>CCA rate</b> |
|---------------------|--|-----------------|
| 43                  | Machinery and equipment acquired after February 25, 1992, that is used in Canada mainly to manufacture and process goods for sale or lease. Also see class 53  | 30%             |
| 43.1                | Clean energy generation and energy conservation equipment not included in class 43.2, including electric vehicle charging stations set up to supply more than 10 kW but less than 90 kW of continuous power, pumped hydroelectric storage equipment, ground source heat pump systems and air-source heat pumps primarily used for space and water heating  | 30%             |
| 43.2                | Clean energy generation and energy conservation equipment acquired before 2025   | 50%             |
| 44                  | Patents and licences to use patents for a limited or unlimited period that the partnership acquired after April 26, 1993. However, you can elect not to include such property in class 44 by attaching a letter to the return for the year the partnership acquired the property. In the letter, indicate the property you do not want to include in class 44  | 25%             |
| 46                  | Data network infrastructure equipment that supports advanced telecommunication applications, acquired after March 22, 2004. It includes assets such as switches, multiplexers, routers, hubs, modems, and domain name servers that are used to control, transfer, modulate and direct data, but does not include office equipment such as telephones, cell phones or fax machines, or property such as wires, cables or structures | 30%             |
| 50                  | General-purpose computer equipment and systems software acquired after March 18, 2007, that is not used principally as electronic process control, communications control, or monitor equipment, and the systems software related to such equipment, and data handling equipment that is not ancillary to general-purpose computer equipment   | 55%             |
| 53                  | Machinery and equipment acquired after 2015 and before 2026 that is used in Canada mainly to manufacture and process goods for sale or lease   | 50%             |
| 54                  | Property that is a zero-emission vehicle that is not included in class 16 or 55. In general terms, this class would include zero-emission vehicles acquired after March 18, 2019, and that become available for use before 2028, that would otherwise be included in class 10 or 10.1. Includes zero-emission passenger vehicles, which have a capital cost limitation (initially set at \$55,000)                                 | 30%             |
| 55                  | Property that is a zero-emission vehicle that would otherwise be included in class 16. The vehicle is acquired after March 18, 2019, and that become available for use before 2028. Does not include “zero-emission passenger vehicles” and, as such, does not have any capital cost limitation  | 40%             |
| 56                  | Property that is fully electric or hydrogen powered automotive equipment (other than a motor vehicle) acquired after March 1, 2020, and that becomes available for use before 2028. Includes additions or alterations to automotive equipment (other than a motor vehicle) to the extent they cause the automotive equipment to become fully electric or powered by hydrogen   | 30%             |
| 57                  | Equipment that is used solely to capture, transport or store carbon dioxide (CO <sub>2</sub> ) as part of a CCUS project (proposed)  | 8%              |
| 58                  | Equipment that is used solely to use carbon dioxide (CO <sub>2</sub> ) as part of a CCUS project (proposed)  | 20%             |
| 59                  | Expenses incurred after 2021 for determining the existence, location, extent or quality of a geological formation to permanently store captured carbon in Canada, including expenses for environmental studies or community consultations (proposed)   | 100%            |
| 60                  | Expenses incurred after 2021 in drilling, converting or completing a well in Canada for the permanent storage of captured carbon, and various other related expenses (proposed)  | 30%             |

## **T5013 SCH 9, List of Partnerships**

Fill out the T5013 SCH 9 if your partnership is a direct or indirect member of another partnership.

### **How to know when a partnership is a direct member**

Your partnership would be considered a direct member of another partnership when it holds a direct interest in the other partnership. Your partnership should be listed as a partner on that partnership’s T5013 SCH 50, Partner’s Ownership and Account Activity.

### **How to know when a partnership is an indirect member**

Your partnership would be considered an indirect member of another partnership when it holds an indirect interest in the other partnership through one or more partnerships. For example, you have an interest in Partnership A. Partnership A is a member of Partnership B, which is a member of Partnership C. Partnership A is a direct member of Partnership B, and it is an indirect member of Partnership C.

## Filling out the T5013 SCH 9

### Information about each of the entities

Provide information on all direct or indirect entities as follows:

#### Column 100 – Name of entity

Enter the exact legal name of the entity of which your partnership is a direct or indirect member. Do not use abbreviations.

#### Column 200 – Jurisdiction under which the entity was formed

Enter the code of the jurisdiction under which the entity was formed. You can find the jurisdiction abbreviations in “Appendix A” on page 86 or “Appendix B” on page 87.

#### Column 300 – Business or identification number of entity

Enter the nine-digit business number the CRA assigned to the entity, or the identification number that applies.

#### Column 400 – Code

Enter the code number for each entity using one of the following:

**Code 9** – Your partnership is a direct member of the listed partnership.

**Code 10** – Your partnership is an indirect member of the listed partnership through one or more other partnerships.

If your partnership is both a direct member **and** an indirect member of the other partnership, list the other partnership on the T5013 SCH 9 twice – once under Code 9 and once under Code 10.

## T5013 SCH 12, Resource-Related Deductions

Fill out the T5013 SCH 12 if, during the fiscal period, your partnership:

- incurred any resource related expenses such as:
  - Canadian exploration expenses (CEE), including Canadian renewable and conservation expenses
  - Canadian development expenses (CDE)
  - Canadian oil and gas property expenses (COGPE)
- incurred any foreign resource expenses
- received or became entitled to receive any assistance relating to resource related expenses

#### Note

**Do not** include in this schedule any expenses or assistance renounced to the partnership by a principal-business corporation that issued flow-through shares. Renounced amounts will be shown on a T101 slip the partnership received from the principal-business corporation or a T5013 slip received from another partnership. Report these amounts on the T5013 SCH 52.

#### References

Sections 65 and 66  
Part XII of the Regulations

## Filling out the T5013 SCH 12

### Parts 1 to 4

Enter the amount of resource-related expenses that apply to the partnership in the following areas:

- Part 1 – Canadian exploration expenses
- Part 2 – Canadian development expenses
- Part 3 – Canadian oil and gas property expenses
- Part 4 – Foreign resource expenses

Do calculations as instructed, and report the amount of each partner’s share on the appropriate boxes of the partner’s T5013 slips.

### Part 4

#### Line 450 – Total

To calculate the total foreign resource expenses from the country identified on line 400, subtract the amount from line 422 and line 424 from the sum of lines 405, 414, and 416.

## T5013 SCH 50, Partner’s Ownership and Account Activity

Fill out the T5013 SCH 50 to provide information on the partnership interest held by the partners of the partnership.

Use this schedule to record all changes in the membership of the partnership or to record account activity such as:

- adding new partners
- amounts to be included in the calculation of the ACB of each partner
- amounts to be included in the calculation of the at-risk amount for limited partners
- disposition of all or part of an interest during the fiscal period

For each partner who was a member of the partnership at any time during the fiscal period, give the details requested on **each** relevant line of the schedule.

#### Note

Enter negative amounts in brackets.

### Registered charities

Registered charities or registered Canadian amateur athletic associations are allowed to hold an interest in a limited partnership, and they will have an RR program account. This measure is in effect as of April 21, 2015.

## Filling out the T5013 SCH 50

At the top of each other page, enter the same partnership account number and fiscal period end you entered in the identification section on page 1.

#### Line 010 – Number of partners

Enter the number of partners, including nominees or agents, holding an interest in the partnership at the end of the fiscal period.

**Line 011** – Number of partners who disposed of all, or part of, their partnership interest

Enter the number of partners, including nominees or agents, who disposed of all, or part of, their partnership interest during the fiscal period, including partners who joined the partnership and retired during the fiscal period.

**Line 012** – Number of nominees or agents

Enter the number of nominees or agents who hold an interest in the partnership for another person at the end of the fiscal period.

**Line 015** – Total of all amounts from lines 220

Enter the total of all amounts from lines 220.

### Partners 1 to 5

You can enter information for a maximum of five partners. If you have more than five partners, use additional T5013 SCH 50s as necessary, and change the sequential partner number.

#### Note

The sequential partner numbering does not reflect the order of the partners in the partnership. However, we suggest you list the partners starting with the partner holding the highest percentage of interest in the partnership.

### Lines 100 to 110 – Ownership

**Line 100** – Partner name

Enter as follows:

- **For an individual** – the last name, then the first name and initials
- **For a corporation** – the corporation's full name
- **For a partnership** – the partnership's full name
- **For a trust** – the trust's full name
- **For a registered charity or a registered Canadian amateur athletic association** – the legal (official) name under which the organization is registered

The partner name must be the same as the one listed on the T5013 slip.

**Line 101** – Partner identification number

The partner identification number must be the same as the one listed in box 006 on the T5013 slip.

Enter the partner identification number as follows:

- **For a corporation or another partnership** – Enter the 15-character account number the CRA assigned to the entity
- **For a trust** – Enter the trust account number the CRA assigned to the entity
- **For an individual** – Enter the social insurance number
- **For a non-resident entity** – Enter one of the numbers mentioned above, or an individual tax number (ITN), or a temporary tax number (TTN) issued by the CRA to the entity for any of its business accounts (payroll (RP), GST/HST (RT), import/export (RM))
- **For a registered charity or a registered Canadian amateur athletic association** – Enter the RR program account number

#### Note

The partnership has to make a reasonable effort to obtain the identification numbers from the partners. Failure to provide this information may result in penalties for the partnership and partners. Refer to "Failure to provide social insurance numbers (SINs), business numbers (BNs), or other information" on page 20 for more information about penalties.

**Line 105** – Type of partner

To identify the type of partner, enter one of the following codes:

#### Residents of Canada

Codes:

- 1 for an individual, other than a trust
- 2 for a corporation
- 3 for a partnership (that is a "Canadian partnership")
- 4 for a trust
- 10 for a registered charity or a registered Canadian amateur athletic association

#### Non-residents of Canada

Codes:

- 5 for an individual, other than a trust
- 6 for a corporation
- 7 for a partnership (that is a partnership that is not a "Canadian partnership")
- 8 for a trust other than a non-resident discretionary trust
- 9 for a non-resident discretionary trust

If you are entering code "4" on line 106 for a nominee, agent, broker, or advisor that holds an interest in the partnership as nominee or agent for one or more persons, or one or more nominees or agents, leave line 105 blank.

**Line 106** – Partner code

To identify the status of the partner within the partnership, enter one of the following codes:

- 0 for a limited partner, at any time during the fiscal period
- 1 for a specified member who is not a limited partner
- 2 for a general partner
- 3 for a limited partner's exempt interest as defined in subsection 96(2.5)
- 4 for a nominee, agent, broker, or advisor that holds an interest in the partnership as nominee or agent for one or more persons, or one or more nominees or agents
- 5 for a partner of a limited liability partnership
- 6 for a retired member paid under subsection 96(1.1)

#### Partner code for retired partner

If a partner has retired but is receiving income as described in subsection 96(1.1), we consider the retired partner to be a member of the partnership. Therefore, you have to enter code "6" for that retired partner.

If the partner was a general partner before retirement, depending on the circumstances, we may still consider the retired partner to be a general partner, or we may consider the retired partner to be a specified member who is not a limited partner.

**Example**

Before retirement, Carl (an individual) was a general partner of the partnership. After retirement, Carl continues to receive payments from work in progress.

**Situation 1** – Carl is still actively engaged in the partnership’s business. In this case, we consider Carl to be a general partner.

**Situation 2** – Carl is carrying on a business activity similar to the partnership’s business. In this case, we consider Carl to be a general partner.

**Situation 3** – Carl is not actively engaged in the partnership’s activities and is not carrying on a business activity similar to the partnership’s business. In this case, we consider Carl to be a specified member who is not a limited partner.

**Situation 4** – Carl is deemed to be a member of the partnership under subsection 96(1.1) as the members of the partnership have entered into an agreement to allocate a share of the income or loss of the partnership. In this case, we consider Carl to be a retired member paid under subsection 96(1.1).

**Line 107** – Percentage (%) of partner’s interest

Enter the percentage of a partner’s interest within the partnership up to four decimal places. The Act recognizes a partnership interest but does not recognize various types of classes of partnership units.

If you have more than one type or class of partnership unit, the percentage shown on line 107 should be a percentage of the total interest of all types or classes of units for each partner.

**Example**

**Total partnership units**

|                |                  |
|----------------|------------------|
| Class A units: | 1,000,000        |
| Class B units: | <u>500,000</u>   |
| Total units:   | <u>1,500,000</u> |

**Partner A interest**

|                |              |
|----------------|--------------|
| Class A units: | 5,000        |
| Class B units: | <u>3,000</u> |
| Total units:   | <u>8,000</u> |

The percentage of the partner’s interest is:  
 $(8,000 \div 1,500,000) \times 100 = 0.5333\%$

**Line 110** – Did the partner dispose of an interest during the fiscal period?

If the partner disposed of all, or part of, its partnership interest during the fiscal period, including a partner who joined and retired during the fiscal period, tick (✓) the Yes box; otherwise, tick (✓) the No box.

**Line 220** – Fiscal period’s income (loss) allocation

Enter the partner’s share of the income or loss of the partnership from any source for the fiscal period, calculated using the computational rules provided under subparagraphs 53(1)(e)(i) and 53(2)(c)(i). These computational rules require, for example, using the amount of the actual capital gains instead of the taxable capital gains.

The total of all amounts from line 220 must be the same as line 015. If there is no income or loss to allocate, you **must** enter zero.

**Lines 300 to 350 – Account activity**  
**Calculating the adjusted cost base (ACB) of a partnership interest**

Each partner has to calculate the ACB of a partnership interest. The partner can calculate the ACB at any time, however, it has to be done before the tax return is filed.

The partnership has to provide all of the information (to the best of its knowledge) that the partners need to calculate the ACB of their interest.

Paragraphs 53(1)(e) and 53(2)(c) cover the adjustments the partner has to make to its interest in the partnership. The items listed below reflect some of the more common additions and subtractions used to calculate the ACB of a partner’s interest in the partnership.

Generally, a partner’s ACB at any time is that partner’s **original cost** of the partnership interest,

**plus**

- the partner’s share of income from any source from all previous fiscal periods since the partner acquired the partnership interest
- the partner’s share of any capital dividends and life insurance capital dividends the partnership received before that time
- the partner’s additional capital contributed since the partner acquired the partnership interest
- for limited partners and certain specified members, the partner’s negative ACB amount since the partner acquired the partnership interest, and which we consider to be a gain from a disposition before that time under subsection 40(3.1), or paragraph 98(1)(c) or 98.1(1)(c)

**minus**

- the partner’s share of losses from any source, investment tax credits (if claimed under subsection 127(5)), and resource deductions (section 66) from all previous fiscal periods since the partner acquired the partnership interest
- the partner’s withdrawals from the partnership since the partner acquired the partnership interest
- the partner’s limited partnership loss (LPL) to the extent that the limited partner deducted the loss
- for certain limited partners or specified members, the amount of any limited-recourse debt that can reasonably be considered to have been used to acquire the partnership interest that is not a tax shelter investment

We aggregate amounts to be added or deducted under the following four lines:

- **Line 320** – Partner’s share of the previous fiscal period’s income (loss) (as per the T5013 SCH 50)
- **Line 330** – Capital contributions in the fiscal period
- **Line 340** – Withdrawals in the fiscal period
- **Line 350** – Other adjustments

**References**

Paragraphs 53(1)(e) and 53(2)(c)  
Interpretation Bulletin IT-430-CONSOLID, Life Insurance Proceeds Received by a Private Corporation or a Partnership as a Consequence of Death

**Line 300 – Cost base**

Enter the acquisition cost of the partnership interest. Where the partner bought its interest on multiple occasions, enter the total of the cost base of each purchase. The T5013 return preparer is expected to make a reasonable attempt to ensure that the amount reported on line 300 is correct. If the preparer does not have this information, the field **must** be left blank.

Line 300 does not include amounts on line 310.

**Line 310 – Cost of units acquired during the fiscal period**

Enter the total acquisition cost of units acquired by the partner during the fiscal period. Where the partner bought its interest on multiple occasions, enter the total of the cost of each purchase.

The cost of the partnership interest is one of the following:

- the monetary amount contributed, where the interest was acquired by contributing cash to the partnership
- the fair market value (FMV) of the property contributed, where the interest was acquired by contributing property to the partnership (other than by rollover). Subsection 97(1) deems that the partnership acquired the property at FMV, and the partner disposed of it for proceeds equal to that FMV
- where the partner transferred property to the partnership on a rollover basis under subsection 97(2), as determined under the rules in that provision
- where the partnership received the information:
  - the agreed price paid to an existing partner to purchase their interest
  - the price paid for an interest bought in a secondary market

**Note**

If the cost of the partnership interest is not known, for example, it was bought from another partner, the partnership should leave lines 300 and 310 blank.

**Cost of a partnership interest that is a tax shelter investment**

When the partnership interest is a tax shelter investment, section 143.2 reduces the cost (the expenditure) of the tax shelter investment by the total of all limited recourse amounts that relate to the expenditure, the at-risk adjustment for the expenditure, and certain other amounts that can reasonably be considered to relate to the expenditure.

We may consider the unpaid principal of indebtedness to be a limited-recourse amount if, among other circumstances, interest is not charged and paid within 60 days after year end, or where arrangements in writing to repay the principal and interest within a reasonable period of time were not made at the time the indebtedness arose.

**Line 320 – Partner’s share of the previous fiscal period’s income (loss)**

Enter the partner’s share of the previous fiscal period’s income or loss from any source calculated using the computational rules provided under subparagraphs 53(1)(e)(i) and 53(2)(c)(i). These computational rules require, for example, using the amount of the actual capital gains instead of the taxable capital gains. Also, the calculation of net income or loss for income tax purposes excludes amounts not allowed as deductions under the Act such as club dues. If this is the first time you are filing the T5013 SCH 50, or the partnership did not have to file a return for the previous fiscal period based on the filing criteria, enter the partner’s share as you would have calculated it for the end of the previous fiscal period.

**Line 330 – Capital contributions in the fiscal period**

For each partner, include only the amounts that the partnership has already received and the amounts that the partnership can legally collect.

**Line 340 – Withdrawals in the fiscal period**

Include as drawings for the fiscal period:

- salary or wages paid to the partner
- the cost of products available for sale that the partner consumed
- a partner’s personal expenses that the partnership paid
- amounts paid to a third party on behalf of the partner
- return of capital
- contributions to a registered retirement savings plan (RRSP) on behalf of the partner
- any other amounts or benefits the partner received or that flowed through to the partner

**Line 350 – Other adjustments**

Include all other amounts that affect the partner’s ACB and that are not included in another line, including any adjustments relating to subsection 96(1.01).

Subsection 96(1.01) generally applies to the 1995 and subsequent tax years. Paragraph 96(1.01)(a) deems a taxpayer who is a former member of a partnership to be a member of the partnership at the end of the fiscal period in which the taxpayer ceased to be a member, for the purpose of allocating partnership income or loss for that period. This provision clarifies that, although a taxpayer may have ceased to be a member of a partnership before the end of the partnership’s fiscal period, an amount of the income or loss of the partnership is allocable to the taxpayer under subsection 96(1). The amount so allocated is relevant to certain calculations relating to partnership income or loss, including the calculation of the ACB of the former member of the partnership immediately before the taxpayer ceased to be a member.



Subsection 96(1.01) applies notwithstanding the rule in paragraph 98.1(1)(d) that would otherwise deem a former partnership member with a residual interest not to be a member of the partnership for the purposes of certain provisions of the Act.

Paragraph 96(1.01)(a) does not require that partnership income or loss be calculated immediately after a member leaves the partnership. The income or loss allocation, including that of the former member, continues to be calculated after the end of the partnership’s fiscal period. In some circumstances the fiscal period of a partnership may end in a tax year of the former member that is after the tax year in which the partnership interest was disposed of. It is, therefore, possible that a member will not be required to report a partnership income allocation until the tax year following that in which a capital gain or loss on the disposition of the partnership interest is required to be reported.

Paragraph 96(1.01)(b) clarifies that an income or loss allocation for the “stub period” during which a taxpayer was a member is included in the calculation of the ACB of the partnership interest at the time the former member disposes of the interest or a residual interest. The income or loss allocation will affect the calculation of a capital loss under paragraph 98.1(1)(c) or subsection 100(2).

### Example

Alice was a partner in XYZ Partnership until June 30. The fiscal period of the partnership ends December 31. The ACB of her partnership interest on January 1 was nil. From January to June 30 she withdrew \$16,000 in capital.

Just before the end of the partnership’s fiscal period, all the partners agree that Alice’s share of income for the period was \$20,000. On December 30 she was paid \$4,000 in satisfaction of her residual interest. A summary of Alice’s ACB is as follows:

|  |            | ACB        |
|--|------------|------------|
| January 1, year 1  |            | Nil        |
| ■ Drawings:  | (\$16,000) | (\$16,000) |
| Retirement of Alice, June 30                                   |            |            |
| ■ Share of income for 6 months:                                | \$20,000   | \$4,000    |
| ■ Payout of rights to equity: December 31 – Fiscal period ends | \$4,000    | Nil        |

In this example, Alice is allocated \$20,000 income under subsection 96(1.01). The ACB of her interest immediately before she retired on June 30 was \$4,000 (i.e., \$20,000 minus \$16,000). She is deemed by paragraph 98.1(1)(b) to have disposed of her residual interest on December 31 for proceeds of disposition of \$4,000, such that she has no capital gain or loss on the disposition.

Subparagraph 53(1)(e)(v) requires that “rights or things” (referred to in subsection 70(2)) in respect of the partnership interest of a deceased partner be included in the ACB of the partnership interest of the deceased. This provision is no longer relevant to income of the partnership to which a partner is entitled at the time of death, since

subsection 96(1.01) applies to the allocation of partnership income for the fiscal period in which the taxpayer dies.

However, subparagraph 53(1)(e)(v) continues to apply in respect of other rights or things, if any, to which the deceased taxpayer is entitled through the partnership that are required to be included in the income of the deceased taxpayer under subsection 70(2).

### Lines 410 to 430 – At-risk amount (ARA) (for limited partners only)

Calculating the ARA can be very complex; the partner has to consider many rules, and needs to know the ACB of the limited partner’s interest in the partnership.

In simplified terms, a limited partner’s ARA is calculated under subsection 96(2.2) as:

$$(a + b + b.1) \text{ minus } (c + d)$$

where

- a is the ACB of the limited partner’s interest in the partnership at the time of calculation (amount calculated as indicated in “Calculating the adjusted cost base (ACB) of a partnership interest” on page 63, or the amount in accordance with subsection 96(2.3) where applicable)

#### Notes

Subsection 96(2.3) applies where the limited partner is not the first owner of the interest.

For the at-risk calculation, if the limited partner buys the partnership interest on the secondary market, that is a partnership interest acquired from a vendor other than the partnership, the ACB of that partnership interest is calculated as if the cost of the interest to the limited partner is the **lesser** of the following amounts:

- the cost otherwise determined
- the greater of:
  - the ACB to the vendor immediately before the sale of the interest, (if this is a negative amount, we consider the ACB to be NIL)
  - NIL

- b is any partnership income allocated to the limited partner for the fiscal period
- b.1 are certain amounts deemed under subsections 66.1(7) CEE, 66.2(6) CDE, and 66.4(6) COGPE, for the limited partner for the fiscal period, that relate to certain amounts receivable by the partnership as consideration for property or services or as proceeds of disposition of Canadian resource property
- c is any amount that the limited partner (or a person or a partnership not dealing at arm’s length with the partner) owes to the partnership (or to a person or partnership not dealing at arm’s length with the partnership) but does not include any such amount deducted under subparagraph 53(2)(c)(i.3) in calculating the ACB of the limited partner’s interest in the partnership, or under section 143.2 in calculating the cost of that partnership interest

**d** is any amount or benefit the limited partner, or a person not dealing at arm's length with the limited partner, is entitled to get in any form or manner, immediately or in the future and absolutely or contingently, to reduce the impact of any loss to the partnership interest

**Line 410** – Partner's share of the fiscal period's income  
Enter the amount of partnership income allocated to the limited partner for the fiscal period (amount "b" in the preceding formula) from any source calculated using the computational rules provided under subparagraph 53(1)(e)(i). These computational rules require, for example, using the amount of the actual capital gains instead of the taxable capital gains. **Do not** enter the partner's share of the fiscal period's loss.

**Line 420** – Partner's share in certain reductions of resource expenses for the fiscal period  
Enter amount "b.1" from the preceding formula.

**Line 430** – Non-arm's length debt owing and/or benefits receivable  
Enter the total of amounts "c" and "d" in the preceding formula.

**References**  
Section 54  
Subsection 96(2.2)

## T5013 SCH 52, Summary Information for Partnerships that Allocated Renounced Resource Expenses to their Members

Fill out the T5013 SCH 52 if the partnership invested in flow-through shares of a principal-business corporation.

If the corporation renounced resource expenses, adjusted amounts previously renounced, or allocated amounts for assistance or expenses qualifying for an investment tax credit (ITC), it will issue slip T101, Statement of Resource Expenses. Where the expenses from a principal-business corporation flowed through from another partnership, that partnership will have issued a T5013 slip to your partnership.

Use the information from the T101 or T5013 slip to fill out Part 1 of the T5013 SCH 52. The amounts in the total lines in Part 1 of the T5013 SCH 52 are the amounts you have to allocate to the partners on the T5013 slips. You will also need to notify the partners of the date of the flow-through share agreements entered into by the partnership under which resource expenses were renounced to the partnership.

### Notes

Attach the completed T5013 SCH 52 to the front of your return for that period.

Attach your cheque to the front of the partnership information return if you are filing the return late and a penalty calculated on the T5013 SCH 52 applies. If you do not include this schedule with the partnership information return, we can apply a penalty. For more information about the penalties, see "Late-filing penalty under subsections 66(12.74) and 66(12.75)" on page 19. If

you file your return electronically, send your cheque to your tax centre.

### Flow-through shares

The flow-through share regime is eliminated for oil, gas, and coal activities, by no longer allowing oil, gas and coal exploration or development expenditures to be renounced to a flow-through share investor. This applies to expenditures under flow-through share agreements entered into after March 31, 2023.

A flow-through share is generally a share of the capital stock of a principal-business corporation that is issued under an agreement in writing to a person or a partnership. Under the agreement, the corporation will incur Canadian exploration expenses, or certain Canadian development expenses (resource expenses), and renounce those expenses to that person or partnership.

### COVID-19

Due to COVID-19, the following measures apply for issuers of flow-through shares:

- to extend, by 12 months, the period to incur eligible flow-through share expenses under the general rule and the look-back rule. When using the general rule, the extension would apply to agreements entered into after February 2018 and before 2021. When using the look-back rule, the extension would apply to agreements entered into in 2019 or 2020
- to apply Part XII.6 tax as if expenditures were incurred up to one year earlier than the date they were actually incurred. The additional 10% Part XII.6 tax will apply if amounts are not actually spent by the end of 2021 (if the agreement was entered into in 2019) or 2022 (if the agreement was entered into in 2020). The relief from Part XII.6 tax would apply to agreements entered into in 2019 or 2020

### References

Sections 66.1, 66.2, 66.4, and 211.91  
Subsections 66(12.66), 66(12.68), 66(12.731), 66(12.6001), and 66(15)  
Income Tax Folio S3-F8-C1, Principal-business Corporations in the Resource Industries

Fill out each section of **Part 1 – Renounced Canadian exploration expenses and Canadian development expenses** that applies to you, using a separate line for each T101 or T5013 slip the partnership received during the fiscal period:

- Summary of renounced resource expenses allocated to the members of the partnership and the portion of the reduction subject to an interest-free period
- Summary of assistance allocated or to be allocated
- Summary of expenses qualifying for an investment tax credit allocated to the members of the partnership
- Summary of expenses qualifying for a provincial tax credit

Fill out **Part 2 – Calculating the penalty under subsections 66(12.74) and 66(12.75) for filing this summary and the related T5013 slips late**, where applicable.

## Flow-through shares identification number

We assign a flow-through shares identification number to the principal-business corporation that issues flow-through shares. This identification number has eight digits and has to be included on Form T101, Statement of Resource Expenses, which the principal-business corporation issues to the partnership. You also have to enter this number on the T5013 SCH 52, Summary Information for Partnerships that Allocated Renounced Resource Expenses to their Members, when you file your return.

**Reference**  
Subsection 66(12.69)

## Filling out the T5013 SCH 52

### Part 1 – Renounced Canadian exploration expenses and Canadian development expenses

#### Columns 100, 200, 300 and 400 – Identification number

Enter the identification number from the T101 slip your partnership received from the principal-business corporation. If the expenses flowed through another partnership, enter that partnership's account number from the T5013 slip your partnership received from that partnership.

#### Columns 102, 202 and 302 – Effective date of renunciation

Enter the effective date of renunciation of the resource expenses from the T101 slip your partnership received from the principal-business corporation. If the expenses flowed through another partnership, enter that partnership's fiscal period end from the T5013 slip your partnership received from that partnership.

### Summary of renounced resource expenses allocated to the members of the partnership and the portion of the reduction subject to an interest-free period

#### Column 104 and line 120 – Canadian exploration expenses (CEE)

In column 104, enter the CEE from:

- box 120 of the T101 slips received from each principal-business corporation
- box 190 of the T5013 slips received from each partnership

The total on line 120 should equal the total of the amounts that you reported in box 190 of the T5013 slips issued to partners.

#### Column 106 and line 121 – Canadian development expenses (CDE)

In column 106, enter the CDE from:

- box 121 of the T101 slips received from each principal-business corporation
- box 191 of the T5013 slips received from each partnership

The total on line 121 should equal the total of the amounts you reported in box 191 of the T5013 slips issued to partners.

#### Column 108 and line 130 – Portion of any reduction subject to an interest-free period – CEE

In column 108, enter the portion of the reduction for CEE that is available for the interest-free period from:

- box 130 of the T101 slips received from each principal-business corporation
- box 196 of the T5013 slips received from each partnership

The total on line 130 should equal the total of the amounts that you reported in box 196 of the T5013 slips issued to partners.

### Summary of assistance allocated or to be allocated

#### Column 204 and line 124 – Canadian exploration expenses (CEE)

In column 204, enter the CEE assistance from:

- box 124 of the T101 slips received from each principal-business corporation
- box 192 of the T5013 slips received from each partnership

The total on line 124 should equal the total of the amounts that you reported in box 192 of the T5013 slips issued to partners.

#### Column 206 and line 125 – Canadian development expenses (CDE)

In column 206, enter the CDE assistance from:

- box 125 of the T101 slips received from each principal-business corporation
- box 193 of the T5013 slips received from each partnership

The total on line 125 should equal the total of the amounts that you reported in box 193 of the T5013 slips issued to partners.

### Summary of expenses qualifying for an investment tax credit (ITC) allocated to the members of the partnership

#### Column 304 and line 128 – Mineral exploration tax credit (METC)

In column 304, enter the resource expenditures qualifying for the METC from:

- box 128 of the T101 slips received from each principal-business corporation
- box 194 of the T5013 slips received from each partnership

The total on line 128 should equal the total of the amounts that you reported in box 194 of the T5013 slips issued to partners.

#### Column 306 and line 129 – Portion subject to an interest-free period – METC

In column 306, enter the portion of the reduction for METC that is available for the interest-free period from:

- box 129 of the T101 slips received from each principal-business corporation
- box 195 of the T5013 slips received from each partnership

The total on line 129 should equal the total of the amounts that you reported in box 195 of the T5013 slips issued to partners.

#### Column 310 and line 122 – Critical mineral exploration tax credit (CMETC)

In column 310, enter the resource expenditures qualifying for the CMETC from:

- box 122 of the T101 slips received from each principal-business corporation

- box 239 of the T5013 slips received from each partnership

The total on line 122 should equal the total of the amounts that you reported in box 239 of the T5013 slips issued to partners.

**Column 312 and line 123** – Portion subject to an interest-free period – CMETC

In column 312, enter the portion of the reduction for CMETC that is available for the interest-free period from:

- box 123 of the T101 slips received from each principal-business corporation
- box 240 of the T5013 slips received from each partnership

The total on line 123 should equal the total of the amounts that you reported in box 240 of the T5013 slips issued to partners.

The CMETC offers a 30% tax credit available to investors who invest in flow-through shares (FTS) in mining companies that undertake exploration for certain critical minerals in Canada. To qualify for this credit, the renunciation must be under a FTS agreement entered into after April 7, 2022, and on or before March 31, 2027. The designated critical minerals are: copper, nickel, lithium, cobalt, graphite, rare earth elements, scandium, titanium, gallium, vanadium, tellurium, magnesium, zinc, platinum group metals and uranium.

**Summary of expenses qualifying for a provincial tax credit**

**Columns 402, 404, 406 and 408, and lines 141, 143, 144 and 145**

In the appropriate column, enter the CEE (mining exploration only) that qualifies for provincial tax credits from:

- boxes 141, 143, 144, and 145 of the T101 slips received from each principal-business corporation
- boxes 197, 198, 199, and 200 of the T5013 slips received from each partnership

The total entered on lines 141, 143, 144 and 145 should equal the total of the amounts that you reported in boxes 197, 198, 199 and 200 respectively of the T5013 slips issued to partners.

**Note**

Columns 402, 404, 406 and 408 include the combined amounts of METC and the CMETC by province.

Provide a letter to each partner with a breakdown of renounced expenses for the province. The breakdown should be for renounced expenses that qualify for the federal METC and the federal CMETC.

**Part 2** – Calculating the penalty under subsections 66(12.74) and 66(12.75) for late filing this summary and the related T5013 slips

If you file the T5013 SCH 52 late, you have to calculate a penalty in this section. The penalty is \$100 to a maximum of \$30,000.

**Lines 120 and 121**

**A** – Minimum penalty

The minimum penalty is \$100 if you entered a renunciation on lines 120 or 121.

**B** – Total of lines 120 and 121

Enter the totals you previously calculated on these lines in Part 1. Multiply the amount by 0.25%, and enter the result in amount B.

**C** – Maximum penalty

The maximum penalty is \$15,000 if you entered a renunciation on lines 120 or 121.

**Line 111** – Penalty amount for lines 120 and 121

The penalty is the middle value of the amounts of A, B, and C. If two of these amounts are the same, the penalty is that amount. Enter the penalty amount on line 111.

**Lines 124 and 125**

**D** – Minimum penalty

The minimum penalty is \$100 if you entered assistance on lines 124 or 125.

**E** – Total of lines 124 and 125

Enter the totals you previously calculated on these lines in Part 1. Multiply the amount by 0.25%, and enter the result in amount E.

**F** – Maximum penalty

The maximum penalty is \$15,000 if you entered assistance on lines 124 or 125.

**Line 222** – Penalty amount for lines 124 and 125

The penalty is the middle value of the amounts of D, E, and F. If two of these amounts are the same, the penalty is that amount. Enter the penalty amount on line 222.

**Line 307** – Total penalty amount

Add lines 111 and 222, and enter the total on line 307.

**Payment** – Enter the penalty amount from line 307 of the T5013 SCH 52 on line 307 of Form T5013 FIN.

**T5013 SCH 58, Canadian Journalism Labour Tax Credit**

Fill out the T5013 SCH 58 if the partnership is a qualifying journalism organization (QJO) and is allocating the Canadian journalism labour tax credit to its members.

The Canadian journalism labour tax credit is a refundable tax credit that was introduced as of January 1, 2019.

The credit is available at a rate of 25% of the partnership's qualifying labour expenditures for the fiscal period in respect of an eligible newsroom employee. The maximum annual credit available is \$13,750 per eligible newsroom employee (prorated for the number of days in the fiscal period the partnership was a QJO).

To be eligible for the credit, the partnership must be a QJO, as defined in subsection 125.6(1) of the Act. Under this definition, a partnership is a QJO if it is a qualified Canadian journalism organization (QCJO), as defined in subsection 248(1) of the Act, and it does not hold a "licence," as defined in subsection 2(1) of the Broadcasting Act.

The credit cannot be allocated to a member of the partnership that is a partnership or a “specified member,” as defined in subsection 248(1) of the Act.

#### Note

A limited partner is considered to be a specified member.

The credit is allocated to qualifying members of the partnership based on the relative “specified proportion,” as defined in subsection 248(1) of the Act, of each qualifying member for the fiscal period.

For more information on this and the other legislative proposals relating to the support for Canadian journalism rules, go to [canada.ca/en/department-finance/news/2020/04/government-of-canada-clarifies-support-for-canadian-journalism.html](https://canada.ca/en/department-finance/news/2020/04/government-of-canada-clarifies-support-for-canadian-journalism.html).

For information on how to apply for designation as a QCJO, go to [canada.ca/en/revenue-agency/services/tax/businesses/topics/corporations/business-tax-credits/canadian-journalism-labour-tax-credit/qualified-canadian-journalism-organization.html](https://canada.ca/en/revenue-agency/services/tax/businesses/topics/corporations/business-tax-credits/canadian-journalism-labour-tax-credit/qualified-canadian-journalism-organization.html).

#### References

Section 125.6  
Subsection 248(1)

## T5013 SCH 63, Return of Fuel Charge Proceeds to Farmers Tax Credit

Fill out the T5013 SCH 63 if the partnership has farming activities in Ontario, Manitoba, Saskatchewan or Alberta and is allocating the Return of fuel charge proceeds to farmers tax credit to its members.

#### Reference

Section 127.42

## T5013 SCH 65, Air Quality Improvement Tax Credit

Fill out the T5013 SCH 65 if the partnership has qualifying expenditures made for air quality improvements and is allocating the air quality improvement tax credit to its members.

The credit is equal to 25% of qualifying expenditures related to the purchase, installation, conversion or upgrade of a new or retrofitted mechanical heating, ventilation, and air conditioning (HVAC) systems and the purchase of standalone devices designed to filter air using high efficiency particulate air (HEPA) filters, up to \$10,000 per location and \$50,000 in total.

#### Reference

Section 127.43

## GIFI schedules

Each partnership should include complete financial statement information for the fiscal period of the return using the codes provided in the General Index of Financial Information (GIFI).

GIFI schedules include:

- the T5013 SCH 100, Balance Sheet Information

- the T5013 SCH 125, Income Statement Information, and, if necessary, T5013 SCH 140, Summary Statement. If you have more than one business line, please fill out a separate T5013 SCH 125 for each business line and one T5013 SCH 140 to summarize them
- the T5013 SCH 141, Financial Statement Notes Checklist. This schedule is a set of questions designed to determine who prepared the financial statements and the extent of their involvement, and to identify the type of information contained in the notes to the financial statements

Partnerships that do **not** have anything to report on their T5013 SCH 100 and T5013 SCH 125 are required to tick (✓) Yes at line 999 – “Is this a NIL schedule?” and attach T5013 SCH 100 and T5013 SCH 125 to their T5013 return.

To help us process the schedules efficiently and quickly, do not use zeroes (000 00), dashes (–), NIL, or N/A on the lines when there is nothing to report.

#### Note

For more information on the GIFI, see Guide RC4088, General Index of Financial Information (GIFI).

## Chapter 9 – T5013, Statement of Partnership Income slip and Form T5013 SUM, Summary of Partnership Income

Form T5013 SUM reports the totals of amounts allocated to the partners on the T5013 slips.

Before you fill out the Summary and the related T5013 slips, make sure that you:

- read “How to fill out the forms and schedules of the return” on page 14
- fill out Form T5013 FIN and the related schedules (other than a nominee or an agent)
- consider each partner’s membership status within the partnership for income tax purposes (general, limited, or specified) when you calculate the amounts allocated to the partner

The rules for allocating amounts to partners can vary depending on the type of partner. Therefore, under headings for the various boxes in this chapter, we separate the information for general and limited partners. If there is no difference in the rules, the information is under the heading “All partners.” Wherever necessary, we also provide additional information and instructions for tax shelters and partnerships that invested in flow-through shares.

#### Note

All partnerships have to fill out the T5013 slip, since the T5013A slip is obsolete.

The T5013 slips show only the most commonly used financial boxes. There are also blank generic code boxes for less common amounts and information that is not an amount. If you have to use a generic box, enter the box number and the amount or the information in the blank box. See the examples that follow.

To help us quickly process the Summary and T5013 slips, follow these procedures:

- Enter all amounts in dollars and cents:
  - Use a period to separate dollars from cents
  - Do **not** use dollar (\$) signs
  - Do **not** use zeros, dashes, NIL, or N/A in the boxes or financial areas you are not using
- If you made an error in a previous fiscal period, do not adjust your current fiscal period Summary and T5013 slips. Instead, file amended forms for the previous fiscal period. For instructions, see “Amending or cancelling slips” on page 16
- **Income from foreign countries** – Report all income from foreign countries. Unless the partnership is required to report using a functional currency, convert the foreign income earned by the partnership into **Canadian dollars** using the exchange rate in effect at the time of the transaction. If transactions occurred at various times throughout the year, use an average exchange rate for the year
- Fill out a generic text box to identify each foreign country and the income from that foreign country. To number each generic box, use the appropriate box number for the type of income in the first part of the number box and the appropriate three-letter country code from “Appendix B” on page 87 in the second part of the number box. The partner needs this information to calculate the foreign tax credits separately for each country. To find out how to complete T5013 slips, see the following examples

**Examples**

**Canadian and foreign net rental income (loss)**

A partnership is composed of two members each owning half of the partnership interest. Its Canadian and foreign net rental income is \$250,000. The amount of foreign net rental income included is \$100,000. Of the \$100,000, \$25,000 comes from the United States of America, and \$75,000 from Mexico.

On the T5013 Summary and each partner’s T5013 slip, enter:

**T5013 Summary**

|   |         |            |
|---|---------|------------|
| Canadian and foreign net rental income (loss) | Box 110 | 250,000.00 |
|---|---------|------------|

**T5013 slips (generic boxes)**

| Box – Case | Code | Amount – Montant |
|------------|------|------------------|
| 110        | CAN  | 75,000.00        |
| Box – Case | Code | Amount – Montant |
| 110        | USA  | 12,500.00        |
| Box – Case | Code | Amount – Montant |
| 110        | MEX  | 37,500.00        |

**Foreign dividend and interest income**

A partnership’s foreign dividend and interest income of \$8,540 is from Japan. There are five members in the partnership, each owning 20% of the partnership interest.

On the T5013 Summary and each partner’s T5013 slip, enter:

**T5013 Summary**

Box 135 is not totalled or displayed on the summary.

**T5013 slips (generic boxes)**

| Box – Case | Code | Amount – Montant |
|------------|------|------------------|
| 135        | JPN  | 1,708.00         |

- **Income from multiple provinces or territories** – Fill out a generic box on the T5013 slip, to identify each province or territory and the income from that province or territory. To number each generic box, use the appropriate box number for the type of income in the first part of the number box and two-letter province or territory code from “Appendix A” on page 86 in the second part of the number box. The partner needs this information to calculate provincial or territorial income tax payable

**Example**

**Business income from multiple provinces or territories**

A partnership business income is \$475,600, 70% is from Alberta and 30% is from Ontario. There are eight members in the partnership, each owning 12.5% of the partnership interest.

On the T5013 Summary and each partner’s T5013 slip, enter:

**T5013 Summary**

|                              |        |            |
|------------------------------|--------|------------|
| Total business income (loss) | Box 20 | 475,600.00 |
|------------------------------|--------|------------|

**T5013 slips (generic boxes)**

| Box – Case | Code | Amount – Montant |
|------------|------|------------------|
| 116        | AB   | 41,615.00        |
| Box – Case | Code | Amount – Montant |
| 116        | ON   | 17,835.00        |

- Enter all losses in brackets on the forms. However, if you are filing the slips electronically, you must use a dash.

**Example**

**Limited partnership farming income (loss)**

A partnership farming loss is \$26,845.90 (and 100% of it from Ontario). There are five members in the partnership, each owning 20% of the partnership interest.



On the T5013 Summary and each partner's T5013 slip, enter:

### T5013 Summary

Box 101 is not totalled or displayed on the summary.

#### T5013 slips (generic boxes)

Box – Case Code Amount – Montant

| Box – Case | Code | Amount – Montant |
|------------|------|------------------|
| 101        | ON   | -5,369.18        |

Enter the necessary information that is related to specific generic boxes in the other information text box on the bottom left hand side of the T5013 slip

### Example

#### Investment in film property

A partnership invested in Canadian film property and received \$18,671.92 as income from the investment. There are four members in the partnership, each owning 25% of the partnership interest.

On the T5013 Summary and each partner's slip, enter:

### T5013 Summary

Box 146 is not totalled or displayed on the summary.

#### T5013 slips (generic boxes)

Box – Case Code Amount – Montant

| Box – Case | Code | Amount – Montant |
|------------|------|------------------|
| 146        |      | 4,667.98         |

Box – Case Other information – Autres renseignements

| Box – Case | Other information – Autres renseignements |
|------------|---|
| 147        | Canadian film property                    |

## Filling out the T5013 slip

The T5013 slip gives information to each partner about the partnership's operating results for the fiscal period. It includes income, losses, and other amounts allocated to the partner.

The T5013 slip includes elements of the obsolete Form T5013A. Tax shelters that previously filled out a T5013A slip must now fill out the T5013 slip.

Fill out one T5013 slip for each partner, and record all relevant information.

For more information regarding amended, additional, cancelled and duplicated slips, see "Amending or cancelling slips" on page 16.

## Fixed boxes

### Fiscal period-end

Enter the four numbers of the year and two numbers of the month and day of the fiscal reporting period end (YYYY-MM-DD). If the partnership ended its operations, see "Final return" on page 17.

### Tax shelter identification number

If the partnership is a tax shelter, enter the tax shelter identification number the CRA assigned to the partnership. For more information, see "The tax shelter identification number" on page 11.

## Filer's name and address

Enter the full name and complete address associated with the partnership account number you are entering in box 001.

### Box 001 – Partnership account number

The filer may be the partnership, a nominee or an agent. Enter the 15-character partnership account number, which includes the RZ program identifier.

For more information about the account number, see "Partnership account number" on page 14.

### Box 002 – Partner code

To identify the status of the partner within the partnership, enter one of the following codes:

- 0 for a limited partner, at any time during the fiscal period
- 1 for a specified member who is not a limited partner
- 2 for a general partner
- 3 for a limited partner's exempt interest as defined in subsection 96(2.5)
- 4 for a nominee, an agent, a broker, or an advisor that holds an interest in the partnership as nominee or agent for one or more persons, or one or more nominees or agents
- 5 for a partner of a limited liability partnership
- 6 for a retired member paid under subsection 96(1.1)

### Box 003 – Country code

Enter "CAN" if the partner resides in Canada. If the partner resides in a country **other than** Canada, enter the appropriate three-letter code for the country where the partner resides from "Appendix B" on page 87.

### Box 004 – Recipient type

To identify the type of partner, enter:

- 1 for an individual, other than a trust
- 3 for a corporation
- 4 for an association, trust (RRSP trustee, fiduciary-trustee, nominee, or estate), club, or partnership

If you entered code "4" in box 002, enter code "4" in box 004.

### Box 005 – Partner's share (%) of partnership

Enter the partner's percentage share of the partnership net income (loss) held by the partner at the partnership's fiscal period end. Use up to six decimal places. For example, 10.25% would be written as 010.250000.

### Box 006 – Partner's identification number

**For a partner that is an individual** – Enter the social insurance number (SIN).

The T5013 slip preparer has to make a reasonable effort to get a partner's SIN. However, leave this area blank if the partner:

- has not provided the SIN when you prepare the T5013 slip
- does not have a SIN and has to apply for one

**Do not** delay completing the annual return beyond the due date.

If a partner provides you with a SIN after you filed the return, prepare an amended T5013 slip.

Penalties may apply if you do not provide the SIN. For more information, see “Failure to provide social insurance numbers (SINs), business numbers (BNs), or other information” on page 20.

**For a partner that is a trust** – Enter the trust account number. You can get this number from the trustee.

**For a partner that is a corporation** – Enter the corporation’s 15-character **RC** account number. You can get this number from an officer of the corporation.

**For a partner that is a partnership** – Enter that partnership’s 15-character **RZ** account number. You can get this number from a partner of the partnership.

**For a non-resident partner** – If the partner is a non-resident and has already been assigned one of the numbers mentioned above, or an individual tax number (ITN), or a temporary tax number (TTN) issued by the CRA or a 15-character account number assigned by the CRA to the partner for any of its business accounts (payroll deductions (RP), GST/HST (RT), or import/export (RM)), enter this number. Otherwise leave the box blank.

**For any other partner that has a business number** – Enter the 15-character account number assigned by the CRA to the partner for any of its business accounts (payroll deductions (RP), GST/HST (RT), or import/export (RM)), or for a registered charity or registered Canadian amateur athletic association (RR).

#### **Partner’s name and address**

Type or clearly print this information as described below:

##### **Partner’s name**

**For an individual** – Enter the last name, then the usual first name and initials.

**For a corporation** – Enter the corporation’s full name.

**For a partnership** – Enter the partnership’s full name.

**For a trust** – Enter the trust’s full name.

##### **Notes**

Enter the full name, do not use abbreviations, and make sure the punctuation is correct.

The partner’s name should be the same name reported on line 100 of the T5013 SCH 50.

##### **Partner’s address**

Enter the **complete mailing address** of the partner. If the partner is a trust, enter the **complete mailing address** of the responsible trustee, executor, liquidator, or administrator. Include the following:

- number and street name
- suite, apartment, or post office box number
- city
- province, territory, or state (use the appropriate two-letter code from “Appendix A” on page 86)

- postal code, United States zip code, or other code
- country (use “CAN” or the appropriate three-letter code from “Appendix B” on page 87)

##### **Box 205 – Functional currency code**

Enter the functional currency code in a generic text box in the “Other Information” area on the slip (if applicable). For example, enter USD if the functional currency is the US dollar.

##### **Box 010 – Total limited partner’s business income (loss)**

This is the total of all the amounts from boxes 104 on the slip.

##### **Box 020 – Total business income (loss)**

This is the total of all the amounts from boxes 116 on the slip.

##### **Box 030 – Total capital gains (losses)**

This is the total of all the amounts from boxes 151, 153, 154, and 155 on the slip.

##### **Box 040 – Capital cost allowance**

**All partners** – Enter the partner’s share of the capital cost allowance you calculated on line 250 of the T5013 SCH 8. **Do not** include terminal losses in this amount.

The partner needs these amounts to calculate adjusted taxable income for the purpose of calculating federal alternative minimum tax on Form T691, Alternative Minimum Tax, and the additional tax for minimum tax purposes on the appropriate provincial and territorial tax and credit Form 428.

If you entered an amount in fixed box 040, use a generic text box to enter the amounts requested by the related title of the following boxes for providing additional capital cost allowance information:

- **Box 220** – Capital cost allowance for rental or leasing property
- **Box 221** – Capital cost allowance for film property

#### **Generic boxes**

##### **Limited partner’s net income (loss)**

**Limited partners** – Losses from a business (other than a farming business) or from property allocated to a limited partner in a fiscal period that can be used by the limited partner’s at-risk amount (ARA) at the end of the fiscal period of the partnership, minus certain other deductions. For more information, see “Limited partnership loss (LPL)” under “Definitions” on page 90 and “Lines 410 to 430 – At-risk amount (ARA) (for limited partners only)” on page 65 in the T5013 SCH 50 instructions.

You **cannot** allocate a loss that has been created or increased by SR&ED expenditures to a limited partner. For more information, see “Scientific research and experimental development (SR&ED)” on page 23.

##### **Box 101 – Limited partner’s farming income (loss) (multi-jurisdictional)**

**Limited partners only** – Allocate the partner’s share of the partnership’s net total farming income.



**Box 102 – Agricultural income stabilization**

**All partners** – Enter the partner's share of the limited partnership's net total farming income from the AgriStability and AgriInvest Programs.

**Box 103 – Limited partner's fishing income (loss) (multi-jurisdictional)**

**Limited partners only** – Allocate the partner's share of the partnership's net total fishing income.

**Box 104 – Limited partner's business income (loss) (multi-jurisdictional)**

**Limited partners only** – Allocate the partner's share of the partnership's net total business income, other than farming income.

Do not deduct carrying charges incurred for earning any investment income. These amounts are included in box 210.

**Partnerships that are tax shelters** – Enter the reduced expenditure amount after applying section 143.2.

If there is business income from foreign countries, fill out a generic financial box to identify each foreign country.

**Box 105 – Limited partner's at-risk amount**

**Limited partners only** – Enter the amount of the limited partner's ARA.

**Note**

Include a note in generic text box 105 in the "Other information" area of the T5013 slip but do not report a financial amount in the generic financial box if:

- the partnership interest is a limited partner's exempt interest as described under the heading "Limited partner's exempt interest" on page 93
- you entered partner code "3" on line 106 of the T5013 SCH 50 indicating a limited partner's exempt interest

**Box 106 – Limited partner's adjusted at-risk amount**

**Limited partners only** – Enter the limited partner's adjusted ARA. This is the limited partner's ARA reduced by the limited partner's share of any investment tax credit and any farming losses. A limited partner's share of resource expenses is restricted to the partner's adjusted ARA. For more information about the adjusted ARA, see "Boxes 173 to 176 – Resource expenses" on page 78.

**Box 107 – Limited partner's rental income (loss)**

**Limited partners only** – Allocate the partner's share of the partnership's net rental income (non-business activity rental income (loss) from property).

Do not deduct carrying charges incurred for earning the non-business rental income. These amounts are included in box 210.

If there is rental income from foreign countries, do not deduct any tax the foreign country withheld from the amount of foreign income. Report the foreign tax withheld in box 171. Fill out a generic financial box to identify each foreign country. For information on the generic box number, see "Examples" on page 70.

**Partnerships that are tax shelters** – Enter the reduced expenditure amount after applying section 143.2.

**Box 108 – Limited partner's loss available for carry forward**

**Limited partners only** – Enter the amount of the limited partner's limited partnership loss (LPL), which is the amount of the loss allocated to the limited partner that is restricted by the limited partner's ARA. See "Limited partnership loss (LPL)" on page 91.

The limited partner can carry forward this amount indefinitely and deduct it in a later year if, at that time, the limited partner has a positive ARA after deducting the amounts specified under subparagraph 111(1)(e)(ii).

**Note**

Report the amount of the current fiscal period's partnership losses that the limited partner can use in the current tax year in boxes 101 to 107, as they apply.

**Box 109 – Previous loss carry forward eligible in the current year**

**Limited partners only** – Enter the amount of the limited partner's LPL previously carried forward that the partner may be able to claim in the current tax year. The partner can deduct this amount only if the partner has a positive ARA in respect of the partnership and only to the extent permitted by paragraph 111(1)(e).

**Box 113 – Return of capital**

**All partners** – Enter the non-taxable amounts that the limited partnership distributed to the partner. The partners need these amounts to reduce the adjusted cost base of the limited partnership interest.

**Canadian and foreign net business income (loss)**

If the partnership has foreign business income or losses, fill out a generic box to identify each foreign country. For information on the generic box number, see "Examples" on page 70.

**Partnerships that invested in flow-through shares** – Do not include in boxes 116, 120, 124, or 126 any renounced resource expenses entered in boxes 190 to 193 on a T5013 slip.

**Box 114 – Other income**

Allocate the partner's share of any other partnership reconciled net income that is not included in boxes 116 to 126. This includes any COVID-19 related subsidies. Do not allocate a loss in box 114. Do not include investment income allocated in box 146.

**Box 115 – Type of other income**

Describe the other income you allocated in box 114. Use a generic text box on the slip under section "Other information."

**Box 116 – Business income (loss) (multi-jurisdictional)**

**All partners** (other than limited partners) – Allocate the partner's share of the partnership's reconciled net total business income or loss. Do not include farming or fishing income in box 116 because they should be reported in boxes 124 and 126 respectively.

If there is business income from foreign countries, fill out a generic financial and jurisdictional code box to identify each foreign country.

**Box 118** – Gross business income (multi-jurisdictional)  
Enter the partner's share of the partnership's gross business income.

**Box 119** – Foreign business income that is exempt from Canadian tax due to a tax convention or agreement (multi-jurisdictional)  
Enter any part of foreign business income that is exempt from Canadian tax due to a tax convention or agreement. The partner needs this information to fill out Form T1139, Reconciliation of 2022 Business Income for Tax Purposes. Use a generic financial box on the slip. Fill out a different generic text box to identify each foreign country.

**Box 120** – Professional income (loss) (multi-jurisdictional)  
**All partners** – Allocate the partner's share of the partnership's reconciled net total professional income.

**Box 121** – Gross professional income (multi-jurisdictional)  
Enter the partner's share of the partnership's gross professional income.

**Box 122** – Commission income (loss) (multi-jurisdictional)  
**All partners** – Allocate the partner's share of the partnership's reconciled net total commission income. Use a generic financial box on the slip.

**Box 123** – Gross commission income (multi-jurisdictional)  
Enter the partner's share of the partnership's gross commission income.

**Box 124** – Farming income (loss) (multi-jurisdictional)  
**All partners** (other than limited partners) – Allocate the partner's share of the partnership's reconciled net total farming income.

**Box 125** – Gross farming income (multi-jurisdictional)  
Enter the partner's share of the partnership's gross farming income.

**Box 126** – Fishing income (loss) (multi-jurisdictional)  
**All partners** (other than limited partners) – Allocate the partner's share of the partnership's reconciled net total fishing income.

**Box 127** – Gross fishing income (multi-jurisdictional)  
Enter the partner's share of the partnership's gross fishing income.

**Box 149** – Total business income (loss) from an active business carried on in Canada  
**If the partner is a corporation** – Allocate the total income or loss from an active business carried on in Canada. Use a generic financial box on the slip.

**Box 150** – Canadian manufacturing and processing profits under subsection 125.1(3)  
**If the partner is a corporation** – Allocate the Canadian manufacturing and processing profits under subsection 125.1(3). Use a generic financial box on the slip.

### Canadian and foreign investments and carrying charges

**Box 110** – Canadian and foreign net rental income (loss) (multi-jurisdictional)  
**All partners** (other than limited partners) – Allocate the partner's share of the partnership's reconciled net rental income (**non-business activity** rental income or loss from property).

Do not deduct carrying charges incurred for earning the non-business rental income. These amounts are included in box 210.

If there is foreign rental income, do not deduct any tax the foreign country withheld from the amount of foreign income. Report the foreign tax withheld in box 171. Fill out a generic financial box to identify each foreign country.

**Box 111** – Foreign net rental income (loss) (multi-jurisdictional)  
**All partners** (other than limited partners) – Enter the partner's share of the partnership's reconciled foreign net rental income (**non-business activity** rental income (loss) from property) already included in box 110. Use a generic financial box on the slip. Fill out a generic financial and jurisdictional code box to identify each foreign country.

Do not deduct any tax the foreign country withheld from the amount of foreign income. Report the foreign tax withheld in box 171.

**Box 112** – Foreign net rental income that is exempt from Canadian tax due to a tax convention or agreement (multi-jurisdictional)

**All partners** – Enter any part of foreign rental income that is exempt from Canadian tax due to a tax convention or agreement. Use a generic financial box on the slip. Fill out a generic financial and jurisdictional code box to identify each foreign country and the article and paragraph of the applicable tax treaty.

The partner needs this information to fill out Form T2209, Federal Foreign Tax Credits.

**Box 117** – Gross Canadian and foreign rental income  
Enter the partner's share of the partnership's gross Canadian and foreign rental income.

#### Note

The amount **cannot** be a negative amount.

**Box 128** – Interest from Canadian sources  
**All partners** – Allocate the partner's share of interest income from Canadian sources that the partnership received, or is considered to have received.

Do not deduct carrying charges incurred for earning the interest income. These amounts are included in box 210.

Do not include interest income from a business activity that you already included in box 116, 124, or 126.

The partnership may be able to deduct interest paid to a partner on a loan from that partner. The interest the partnership paid is the partner's interest income. Report the partner's interest income on a T5 slip, not on a T5013 slip.

#### Note

The amount cannot be a negative amount.

**Box 129** – Actual amount of dividends (other than eligible dividends)  
**All partners** – Allocate the partner's share of the **actual** amount of dividends other than eligible dividends that the partnership received, or is considered to have received, from taxable Canadian corporations.

Do not deduct carrying charges incurred for earning the dividend income. These amounts are included in box 210.

## Note

The amount cannot be a negative amount.

**Box 130** – Taxable amount of dividends (other than eligible dividends)

**Partners who are individuals resident in Canada** (including trusts but not a trust that is a registered charity) **and partnerships** – If the dividends were paid in 2018, enter 16% more than the amount reported in box 129. If the dividends are paid after 2018, enter 15% more than the amount reported in box 129.

**Partners who are corporations** – Do not enter an amount in box 130 if the partner is a corporation.

**Box 131** – Dividend tax credit for dividends (other than eligible dividends)

**Partners who are individuals resident in Canada** (including trusts but not a trust that is a registered charity) **and partnerships** – The amount entered in box 131 is 10.0313% of the taxable amount reported in box 130 for dividends paid during 2018. If the dividends are paid after 2018, the amount entered in box 131 is 9.0301% of the taxable amount reported in box 130.

**Partners who are corporations** – Do not enter an amount in box 131 if the partner is a corporation.

**Box 132** – Actual amount of eligible dividends

**All partners** – Allocate the partner's share of the **actual** amount of eligible dividends that the partnership received, or is considered to have received, from taxable Canadian corporations.

Do not deduct carrying charges incurred for earning the dividend income. These amounts are included in box 210.

**Box 133** – Taxable amount of eligible dividends

**Partners who are individuals resident in Canada** (including trusts but not a trust that is a registered charity) **and partnerships** – Enter the sum of the amount reported in box 132 plus the eligible dividend gross-up.

The eligible dividend gross-up is the result of multiplying the amount reported in box 132 by the appropriate percentage for the fiscal period:

- 38%

**Partners who are corporations** – Do not enter an amount in box 133 if the partner is a corporation.

**Box 134** – Dividend tax credit for eligible dividends

**Partners who are individuals resident in Canada** (including trusts but not a trust that is a registered charity) **and partnerships** – The amount entered in box 134 is 15.0198% of the amount reported in box 133.

**Partners who are corporations** – If the partner is a corporation, do not enter an amount in box 134.

**Box 135** – Foreign dividend and interest income (multi-jurisdictional)

**All partners** – Allocate the partner's share of the combined dividend and interest income from sources outside Canada. Use a separate generic financial box for amounts from each country. Fill out a generic financial code box to identify each foreign country, using the three-letter country code from "Appendix B" on page 87.

Do not deduct any tax that the foreign country withheld from the foreign income. Report the amount of any foreign taxes withheld in box 171.

Do not deduct carrying charges incurred for earning the foreign dividend and interest income. These amounts are included in box 210.

## Note

The amount cannot be a negative amount.

**Box 136** – Foreign investment income that is exempt from Canadian tax due to a tax convention or agreement (multi-jurisdictional)

**All partners** – Enter any part of foreign investment income that is exempt from Canadian tax due to a tax convention or agreement. Use a generic financial box on the slip. Fill out a generic financial code box to identify each foreign country, using the three-letter country code from "Appendix B" on page 87.

**Individuals** – When filling out your income tax and benefit return, the amounts of income that are exempt of tax under an income tax convention should be deducted at line 256.

When filling out Form T2209, Federal Foreign Tax Credits, deduct box 136 from box 135 to calculate the amount to claim as income.

**Box 137** – Business investment loss

**All partners** – Allocate the partner's share of the business investment loss. See the definition of "Business investment loss" on page 23.

If you entered an amount in box 137, use a generic financial box on the slip under section "Other information" to enter the amounts or other information requested by the related title into the following relevant boxes.

**Tax shelters** – If your partnership is a tax shelter with many business investment losses, fill out one box only and enter "Tax shelter business investment loss" in generic box 138.

**Box 138** – Name of the Small Business Corporation

**Box 139** – Number and class of shares, or type of debt owed by the Small Business Corporation

**Box 140** – Insolvency, bankruptcy, or wind-up date

**Box 141** – Date the partnership bought the shares or acquired the debt

**Box 142** – Proceeds of disposition

**Box 143** – Adjusted cost base of the shares or debt

**Box 144** – Outlays and expenses on the disposition

The partners have to provide the information to us when they use the amount to calculate their allowable business investment loss deduction using "Chart 6 – How to claim an allowable business investment loss," in Guide T4037, Capital Gains.

**Box 145** – Dividend rental arrangement compensation payments

**All partners** – Allocate the partner's share of compensation payments that the partnership paid or received for earning dividend income from dividend rental arrangements. Use a generic financial box on the slip.

**Box 146** – Other investment income

**All partners** – Allocate the partner's share of other investment income from Canadian sources that the partnership received, or is considered to have received. Use a generic financial box on the slip.

Fill out box 147 to identify the type of investment income. The partners need this information to fill out Form T691, Alternative Minimum Tax.

**Note**

The amount cannot be a negative amount.

**Box 147 – Type of investment income**

**All partners** – If you entered an amount in box 146, enter the type of investment income in box 147.

The partner needs this information to calculate adjusted taxable income for calculating the alternative minimum tax on Form T691 and the additional tax for minimum tax purposes on the appropriate provincial and territorial tax and credit Form 428. Use a generic text box on the slip.

**Additional amounts and information**

**Box 151 – Capital gains (losses)**

**All partners** – Allocate the partner's share of capital gains and losses, and capital gains dividends from the amount you calculated and entered on line 990 of the T5013 SCH 6.

Do not include a business investment loss (these amounts are included in box 137).

Do not deduct any allowable reserves for the period. Report the amount of any capital gains reserve that you allocated to the partner in box 159, 223, or 225 (as applicable).

**Box 152** – Last fiscal period's capital gains reserve allocated in the previous year and brought into income for the current year

**Note**

Do not include the amounts from boxes 222 or 224.

**All partners** – Allocate the partner's share of any capital gains reserve brought into income for the current fiscal period.

**Box 153** – Qualified small business corporation shares (QSBCS) capital gains (losses) amount eligible for the capital gains exemption

**All partners** – Allocate the partner's share of QSBCS capital gains (losses) amount eligible for the capital gains exemption from the amount you entered at line 120 of the T5013 SCH 6.

**Box 154** – Qualified farm or fishing property (QFFP) capital gains (losses) amount eligible for the capital gains exemption  
Provide a breakdown of the amount of gains (losses) realized before April 21, 2015, in a letter to the partner.

**All partners** – Allocate the partner's share of QFFP capital gains (losses) amount eligible for the capital gains exemption from the amount you entered at line 220 of the T5013 SCH 6.

**Box 155** – Capital gains (losses) from QFFP mortgage foreclosures and conditional sales repossessions eligible for the capital gains deduction

Provide a breakdown of the amount of gains (losses) realized before April 21, 2015, in a letter to the partner.

**All partners** – Allocate the partner's share of capital gains (losses) from QFFP mortgage foreclosures and conditional sales repossessions eligible for the capital gains deduction from the amount you entered at line 320 of the T5013 SCH 6.

**Box 156** – Foreign capital gains (losses) (Multi-jurisdictional)  
Enter the capital gains (losses) from a foreign source. If capital gains (losses) are from one or more foreign countries, report the total amount of capital gain (loss) from each foreign source using separate boxes for each source. The partners need this information to calculate the foreign tax credits on foreign business and non-business income.

Do not deduct any foreign taxes withheld when you calculate the gain (loss). Report the amount of any foreign taxes withheld in box 171.

**Box 157** – Foreign capital gains exempt from Canadian tax due to a tax convention or agreement (Multi-jurisdictional)  
Enter the foreign capital gain that is exempt from Canadian tax due to a tax convention or agreement. If there is more than one foreign source, use separate boxes for each source. The partners need this information to calculate the foreign tax credits on foreign business and non-business income.

**Box 159 – Capital gains reserves**

**All partners** – Allocate the partner's share of any capital gains reserve for the fiscal period.

**Note**

Do not include the amounts from boxes 223 or 225.

The partner needs this amount to fill out Form T2017, Summary of Reserves on Dispositions of Capital Property.

If you entered an amount in box 159, use a generic financial box to enter the amounts requested by the related title of boxes 163 and 165.

**Boxes 222 to 225** – Capital gains reserves eligible for the lifetime capital gains exemption

Where a capital gains reserve is claimed and included in income in a later year, the amount of the capital gains exemption that can be claimed in that later year is limited to the dollar limit for the year of disposition. Partnerships should report the total capital gains reserves in the appropriate box on the slip but provide any necessary break-down to the partners on a separate document.

**Box 222** – Prior year reserves from qualified farm or fishing property (QFFP)

Use this information to fill out Part 1, Section A of Form T2017, Summary of Reserves on Dispositions of Capital Property.

**Box 223** – Current year reserves from qualified farm or fishing property (QFFP)

Use this information to fill out Part 1, Section A of Form T2017.

**Box 224** – Prior year reserves from qualified small business corporation shares (QSBCS)

Use this information to fill out Part 1, Section B of Form T2017.

**Box 225** – Current year reserves from qualified small business corporation shares (QSBCS)

Use this information to fill out Part 1, Section B of Form T2017.

**Box 226** – Repaid assistance (for Canadian exploration expenses)

Allocate the partner's share of the amount you entered in line 154 of the T5013 SCH 12.

**Box 227** – Repaid assistance (for Canadian development expenses)

Allocate the partner's share of the amount you entered in line 252 of the T5013 SCH 12.

**Box 228** – Repaid assistance (for Canadian oil and gas property expenses)

Allocate the partner's share of the amount you entered in line 352 of the T5013 SCH 12.

**Box 229** – Amount receivable for CEE property or unitized oil and gas field CEE

Allocate the partner's share of the amount you entered in line 156 of the T5013 SCH 12.

**Box 230** – Amount receivable for CDE property or unitized oil and gas field CDE

Allocate the partner's share of the amount you entered in line 254 of the T5013 SCH 12.

**Box 231** – Amount receivable for unitized oil and gas field CCOGPE

Allocate the partner's share of the amount you entered in line 354 of the T5013 SCH 12.

**Box 232** – Proceeds of disposition (for Canadian development expenses)

Allocate the partner's share of the amount you entered in line 256 of the T5013 SCH 12.

**Box 233** – Proceeds of disposition (for Canadian oil and gas property expenses)

Allocate the partner's share of the amount you entered in line 356 of the T5013 SCH 12.

**Box 234** – Accelerated Canadian development expenses

Allocate the partner's share of the amount you entered in line 262 of the T5013 SCH 12.

**Box 235** – Accelerated Canadian oil and gas property expenses

Allocate the partner's share of the amount you entered in line 362 of the T5013 SCH 12.

**Box 236** – Canadian Journalism Labour Tax Credit

Enter the partner's share of the credit from Part 4 of the T5013 SCH 58.

**Note**

The credit cannot be allocated to a member of the partnership that is a partnership or a "specified member," as defined in subsection 248(1) of the Act. A limited partner is considered to be a specified member.

**Box 237** – Return of fuel charge proceeds to farmers tax credit

Enter the partner's share of the credit from the T5013 SCH 63.

**Box 238** – Air quality improvement tax credit

Enter the partner's share of the credit from the T5013 SCH 65.

**Box 163** – Capital gains reserve from other property

**All partners** – Allocate the partner's share of any capital gains reserve for the fiscal period for other property.

**Box 165** – Capital gains reserve from non-qualifying securities the partnership donated to a qualified donee

If all or part of the capital gains are from making a donation to a qualified donee of a non-qualifying security (described in subsection 118.1(18)), other than an excepted gift (described in subsection 118.1(19)), the partnership may qualify to claim a reserve as described in subsection 40(1.01).

For gifts of non-qualifying securities, the reserve you can claim **cannot** be greater than the eligible amount of the gift.

For fiscal periods ending before the end of the 60-month period following the donation of the non-qualifying security, the partnership must bring into income the preceding fiscal period's capital gains reserve, if it claimed a reserve. During this period, if the donee still holds the property, or the security is still a non-qualifying security, the partnership can claim a current fiscal period's capital gains reserve for the donated non-qualifying security.

If the donee disposes of the security, or the security ceases to be a non-qualifying security, before the end of the 60-month period following its donation, the partners may qualify to claim the donation. For more information, see "Box 182 – Eligible amount of charitable donations" on page 79.

**All partners** – Allocate the partner's share of any capital gains reserve for the fiscal period for non-qualifying securities the partnership donated to a qualified donee.

**Box 166** – Capital gains reserve from gifts of non-qualifying securities – Eligible amount

Enter the eligible amount of the gifts of non-qualifying securities (other than excepted gifts) the partnership donated to a qualified donee in respect of which the capital gains were realized and a reserve is available.

**Box 167** – Capital gains reserve from gifts of non-qualifying securities – Advantage

Enter the amount of advantage of the gifts of non-qualifying securities (other than excepted gifts) the partnership donated to a qualified donee in respect of which the capital gains were realized and a reserve is available.

**Box 168** – Income tax deducted

**All partners** – Allocate the partner's share of **income tax withheld at source from amounts paid or credited** to the partnership in the fiscal period.

Use a generic financial box on the slip.

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**Examples**

If the partnership operates a farming business, tax may have been withheld at source from patronage dividends. In this case, the partnership should have received a T4A slip, Statement of Pension, Retirement, Annuity, and Other Income, on which box 022 shows the amount of income tax deducted.

If the partnership operates a fishing business, tax may have been withheld from fish or marine deliveries. In this case, if the fisher's designated employer issues a T4 slip, Statement of Remuneration Paid, to the partnership, box 22 shows the amount of income tax deducted.

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Do not include “tax the partner may have paid by instalments” in this box.

#### Notes

The partnership **cannot** withhold tax from a partner’s share of income, a partner’s drawings from the partnership, or salaries or wages paid to the partner as allocations of partnership income. Also, the partnership is **not** responsible for deducting and remitting income tax instalment payments on amounts allocated to the partners.

However, on an individual basis, each partner may have to make instalment payments of income tax due on partnership income using Form INNS3, Instalment Remittance Voucher.

#### Reference

Guide T7B – CORP, Corporation Instalment Guide

#### Boxes 169 and 170 – Part IX.1 tax

**For SIFT partnerships** – Once you have calculated the Part IX.1 tax according to the formula provided under section 197, the Part IX.1 tax payable and related information is entered in a generic financial box as follows:

##### Box 169 – Part IX.1 tax

Enter the amount of Part IX.1 tax payable for the tax year.

##### Box 170 – Taxable non-portfolio earnings (TNPE)

Enter the amount of TNPE for the tax year (amount **A** in the formula of subsection 197(2)).

For more information about Part IX.1 tax, see “How to calculate Part IX.1 tax” on page 10.

##### Box 171 – Foreign tax paid on non-business income (Multi-jurisdictional)

**All partners** – Enter the partner’s share of foreign taxes that the partnership paid on non-business income.

Use a separate generic financial and jurisdictional box to report the foreign income tax that the partnership paid or that was withheld from non-business income for each foreign country.

#### Reference

Income Tax Folio S5-F2-C1, Foreign Tax Credit

##### Box 172 – Foreign tax paid on business income (Multi-jurisdictional)

**All partners** – Enter the partner’s share of foreign taxes that the partnership paid on business income.

Use a separate generic financial and jurisdictional box to report the foreign income tax that the partnership paid or that was withheld on business income for each foreign country.

#### Reference

Income Tax Folio S5-F2-C1, Foreign Tax Credit

#### Boxes 173 to 181 – Resource-related deductions

See the T5013 SCH 12 for amounts to be allocated and more information on resource-related deductions.

Use a generic financial box to enter the amounts or other information requested by the related title of the following boxes:

#### Boxes 173 to 176 – Resource expenses

Do not include in boxes 173 and 174 any renounced resource expenses entered in boxes 190 and 191 of a T5013 slip.

**General partners** – In the appropriate box, allocate the partner’s **full** share of Canadian exploration expenses (CEE), Canadian renewable and conservation expenses (CRCE), Canadian development expenses (CDE), Canadian oil and gas property expenses (COGPE), and foreign exploration and development expenses (FEDE) that the partnership incurred.

The partners will calculate the allowable deductions for the current fiscal period based on their own cumulative CEE, CRCE, CDE, COGPE, and FEDE pools.

**Limited partners** – You have to restrict a limited partner’s share of resource expenses to the partner’s adjusted at-risk amount (ARA). The adjusted ARA is the ARA reduced by the limited partner’s share of any investment tax credit and any farming losses. However, the entitlement to any assistance which results in a reduction in a limited partner’s cumulative CEE, CDE, or COGPE pools does not reduce a limited partner’s ARA.

The limited partner’s share of the resource expenses that are **greater** than the adjusted ARA reduces the limited partner’s share of resource expenses in the following order:

1. Canadian oil and gas property expenses (COGPE)
2. Canadian development expenses (CDE)
3. Canadian exploration expenses (CEE), and Canadian renewable and conservation expenses (CRCE)
4. Foreign resource expenses (FRE)
5. Foreign exploration and development expenses (FEDE)

#### Note

If there are excess resource expenses that you cannot allocate to the limited partner in the current fiscal period, you can add the excess to that class of expenses that the partnership incurs in the next fiscal period. Therefore, you can carry forward the limited partner’s excess indefinitely, and allocate it when the limited partner can deduct it.

Enter the limited partner’s share in the relevant box(es):

**Box 173** – Canadian exploration expenses (CEE) other than Canadian renewable and conservation expenses (CRCE) – from line 150 of the T5013 SCH 12

**Box 206** – Canadian renewable and conservation expenses (CRCE) – from line 152 of the T5013 SCH 12

**Box 174** – Canadian development expenses (CDE) – from line 250 of the T5013 SCH 12

**Box 175** – Canadian oil and gas property expenses (COGPE) – from line 350 of the T5013 SCH 12

**Box 176** – Foreign exploration and development expenses (FEDE) (Multi-jurisdictional) – from line 455 of the T5013 SCH 12

If you allocate an amount in box 176, fill out a generic financial and jurisdiction code box for each foreign country.

The partners need this information to calculate the cumulative FEDE pool separately for each country.

**Boxes 179 to 181** – Resource expenses assistance  
Do not include in boxes 179 to 181 any assistance entitlement from “renounced resource expense assistance” entered in boxes 192 and 193 of a T5013 slip.

**General partners** – In the appropriate box, allocate the partner’s full share of assistance for CEE, assistance for CDE, and assistance for COGPE that the partnership received. The partners will use these amounts when they calculate the allowable deductions for the current fiscal period based on their own cumulative CEE, CDE, and COGPE pools.

**Limited partners** – You have to restrict a limited partner’s share of resource expenses to the limited partner’s adjusted at-risk amount (ARA).

Enter the limited partner’s share in the relevant box(es):

**Box 179** – Assistance for Canadian exploration expenses (CEE) – from line 160 of the T5013 SCH 12

**Box 180** – Assistance for Canadian development expenses (CDE) – from line 260 of the T5013 SCH 12

**Box 181** – Assistance for Canadian oil and gas property expenses (COGPE) – from line 360 of the T5013 SCH 12

**Boxes 182 to 185** – Charitable donations, gifts, and political donations

See the T5013 SCH 2 for amounts to be allocated and more information on charitable donations, gifts, and political donations. Use a generic financial box to enter the amounts requested by the related title of the following boxes.

If you have made gifts of cultural property, you must have received Form T871, Cultural Property Income Tax Certificate. If you have made gifts of ecologically-sensitive land, you must have received a certificate issued by the federal minister of environment and climate change.

You do not have to attach official receipts, certificates, or other supporting documents to this schedule. However, you must keep them in your records in case we ask to see them later.

**Box 182** – Eligible amount of charitable donations

**All partners** – Allocate the partner’s share of the eligible amount of the charitable donations you reported on line 210 of the T5013 SCH 2.

**Box 183** – Eligible amount of cultural and ecological gifts

**All partners** – Allocate the partner’s share of the eligible amount of all cultural and ecological gifts you reported on lines 410 and 510 of the T5013 SCH 2.

Unlike other donations, the partner’s claim for cultural and ecological gifts is not limited to the percentage specified for charitable donations. Partners can choose the part of their donations they want to claim in a tax year and can carry forward any unused part for up to five years after the tax year. For gifts of ecologically sensitive land made after February 10, 2014, partners can carry forward any unused part for up to 10 years.

As the current T5013 slip has only one box for this reporting, partnerships should provide partners with the

necessary breakdown. Partners will need to know these two amounts separately.

#### Reference

Interpretation Bulletin IT-407-CONSOLID, Dispositions of Cultural Property to Designated Canadian Institutions

**Box 184** – Eligible amount of federal political contributions

**All partners** – Allocate the partner’s share of the eligible amount of monetary contributions to a registered political party, a registered association, or a candidate you reported on line 610 of the T5013 SCH 2.

**Box 185** – Eligible amount of provincial and territorial political contributions (Multi-jurisdictional)

**All partners** – Allocate the partner’s share of eligible contributions to a registered provincial or territorial political party, or to a registered candidate in a provincial or territorial election you reported on line 710 of the T5013 SCH 2.

Some provinces and territories also allow contributions to a registered constituency association. Contact the provincial or territorial authorities for more information.

**Box 207** – Eligible amount of municipal political contributions (Multi-jurisdictional)

**All partners** – Allocate the partner’s share of eligible contributions to a registered municipal political party or to a registered candidate for election to a municipal political office in accordance with the partner’s share of amounts reported on line 910 of the T5013 SCH 2.

**Box 209** – Part XII.2 Tax Credit

**Canadian resident partners only** – The partnership may be a beneficiary of a trust that has paid Part XII.2 tax. If the partnership is not a **designated beneficiary** as defined in section 210, and has received trust income allocations on which a Part XII.2 tax credit may be claimed by partners who are eligible beneficiaries, enter the Canadian resident partner’s share of the Part XII.2 refundable tax credit in box 209.

**Box 210** – Total carrying charges (Multi-jurisdictional)

**General partners** – Allocate the partner’s share of carrying charges that the partnership incurred for earning all investment income. This includes all amounts covered in paragraphs 20(1)(c) to (f).

**Limited partners** – Any loss resulting from the carrying charges may be restricted by the at-risk rules due to the limited partner’s ARA. In box 210, enter only the amount that is not restricted. Enter the residual amount in box 108. See “Limited partner’s net income (loss)” on page 72.

This is the total of boxes 211 to 216.

If you entered an amount in box 210, use a generic financial box to enter the amounts requested by the related title of the following boxes for providing additional carrying charges information.

#### Notes

The partner needs this amount to calculate adjusted taxable income for the purpose of calculating the alternative minimum tax on Form T691, Alternative Minimum Tax, and the additional tax for minimum tax purposes on the appropriate provincial and territorial tax and credit Form 428.

If carrying charges in boxes 211 to 216 include Canadian and foreign sources, fill out a generic financial and jurisdiction code box to identify each foreign country. The partner needs this information to calculate foreign tax credits, separately for each country on Form T2209, Federal Foreign Tax Credits.

#### References

Subsections 96(2.1) and 96(2.2)  
Interpretation Bulletin IT-232, Losses – Their Deductibility in the Loss Year or in Other Years

**Box 211** – Carrying charges on interest and dividend income

**Box 212** – Carrying charges on rental income

**Box 213** – Carrying charges on film property

**Box 214** – Carrying charges on resource property and flow-through shares

**Box 215** – Carrying charges for acquiring an interest in a partnership of which you are a limited or non-active partner, or which owns a rental or leasing property or a film property

**Box 216** – Carrying charges (Multi-jurisdictional) – other

**Box 186** – Investment tax credit allocated from the partnership (Multi-jurisdictional)

Fill out generic financial boxes for each type of property or expenditure eligible for the investment tax credits (ITC) to advise the partners of any ITC to which the partner is entitled.

Enter:

- **186** in the first part of the number box
- the partner's share of the ITC in the amount box

Do not include any ITC for qualified CEE expenditures. We consider that partners earn the ITC for those expenditures, and they do not flow through the partnership to any partner. A qualified CEE does not include expenditures incurred after 1990.

#### Note

You cannot allocate to **specified members** the ITC earned on qualified scientific research and experimental development (SR&ED) expenditures. A limited partner is considered to be a specified member.

The members of the partnership may have claimed ITC on materials that were transformed, or on equipment used for performing SR&ED in Canada. In some cases, you may have to recapture some or all of the ITC. For more information, see "Investment tax credit recapture" on page 23.

**Specified member** – You can allocate the ITCs that the partnership earned according to each specified member's share of the ITCs at the end of the partnership's fiscal period. However, you cannot allocate the ITCs earned on qualified SR&ED expenditures to specified members (see the definition of "Specified member of a partnership" on page 93).

**Limited partner** – Subsection 127(8.1) may limit the amount of ITC the partnership can allocate to a limited partner. Therefore, due to these rules, the amount of ITC the partnership can allocate to a limited partner may be less

than the amount that the partnership can allocate to a general partner.

The partnership can allocate to a limited partner the part of the ITC it can attribute to the limited partner (other than the ITC on SR&ED expenditures) but that amount cannot exceed the **lesser of**:

- the limited partner's ARA in the partnership at the end of the partnership's fiscal period
- the portion of the limited partner's ITC that would have arisen had the partnership only made an expenditure equal to the limited partner's expenditure base as calculated under subsection 127(8.2)

Generally, under subsection 127(8.3), any ITC that cannot be allocated to a limited partner or a specified member in a fiscal period can be allocated to other partners who are not specified members. This includes any SR&ED ITC that cannot be allocated to a specified member due to the restriction in paragraph 127(8)(b). This also includes any ITC that could not be allocated to a limited partner due to the constraint in subsection 127(8.1).

#### Allocation of unallocated partnership ITCs –

Subsection 127(8.3) provides rules for allocating to certain partners a part of any partnership ITCs that remain after the allocations under subsections 127(8) and (8.1). In general, ITCs that could remain for allocation after the application of those subsections would be SR&ED ITCs (which cannot be allocated to a specified member of the partnership) and other ITCs (including any ITC related to an apprenticeship expenditure) that cannot be allocated to a limited partner because the allocation is restricted by the limited partner's expenditure base and ARA.

Essentially, partnership ITCs that cannot be allocated to specified members of a partnership may be added to the ITCs allocated to members of the partnership who were not specified members of the partnership at any time in its fiscal period. This additional allocation under subsection 127(8.3) is to be based on what is reasonable in the circumstances (having regard to the investment in the partnership, including debt obligations of the partnership, of each such member of the partnership). Also, the partner has to be a member of the partnership throughout the fiscal period of the partnership.

The amount available for such an allocation is determined under subsection 127(8.31). The amount available, if greater than zero, is the amount by which the partnership's total ITCs for its fiscal period is greater than the total of:

- the partnership ITCs allocated to general partners who are not specified members
- the amount of ITCs allocated to specified members of the partnership. This amount does not include SR&ED ITCs because such amounts cannot be allocated to specified members. In addition, this amount does not include other ITCs (such as apprenticeship expenditure ITCs) that cannot be allocated to limited partners because of the restriction in subsection 127(8.1)

Under subsection 127(8.4), a partner can elect to renounce all or a portion of the additional ITCs allocated to that partner pursuant to subsection 127(8.3). Where the partner makes that election, those ITCs are extinguished.



## References

Form T932, Election by a member of a partnership to renounce investment tax credits pursuant to subsection 127(8.4)  
Form T2038(IND), Investment Tax Credit (Individuals)  
Form T2 SCH 31, Investment Tax Credit – Corporations  
Information Circular IC78-4, Investment Tax Credit Rates, and its Special Release

**Box 187** – Investment tax credit transferred under subsection 127(8.3)

**Partners that are not specified members** – Complete generic financial boxes to advise the partners of any share of excess ITC that the partnership can allocate under subsection 127(8.3) to partners that are not specified members.

**Box 188** – Excess ITC recapture

Enter the amount of excess ITC recapture that the partner has to include in Part I tax. For more information, see “Investment tax credit recapture” on page 23.

**Box 189** – ITC type code

Enter the appropriate ITC type code for the type of property’s expenditure on a generic text box in the “Other information” area on the slip.

For all types of ITCs (other than SR&ED) allocated from a partnership to an individual, the individual will need to divide the credit amount in box 186 or 187 by the applicable rate to determine the expenditure or investment amount to enter on Form T2038(IND).

The types of ITC that can be allocated are:

- SR&ED, 15% rate (code 4B)
- qualified property or **transitional rate** qualified resource property, 10% rate (code 12)
- apprenticeship job creation tax credit, 10% rate (code 6)

## Reference

Form T2038(IND), Investment Tax Credit (Individuals)

## Tax shelter information

This section provides instructions for the tax shelter information, and the allocation of renounced Canadian exploration and development expenses boxes that were previously entered on the T5013A slip. This information now has to be entered on the revised T5013 slip.

### Renounced Canadian exploration and development expenses

Provide the information described in this section if the partnership invested in flow-through shares of a principal-business corporation. If the corporation allocated renounced resource expenses, amended amounts previously renounced, amounts for assistance, or expenses qualifying for an ITC, it will issue slip T101, Statement of Resource Expenses. A partnership that is a partner in a partnership that has invested in flow-through shares of a corporation will now be issued a T5013 slip by the partnership.

Use the information from the T101 and T5013 slips to fill out Part 1 of the T5013 SCH 52. The amounts on the total lines in Part 1 on the T5013 SCH 52 are the amounts you have to allocate to the partners.

A **limited partner’s** share of resource expenses is restricted to the partner’s adjusted ARA. For information on calculating the ARA, see “Lines 410 to 430 – At-risk amount (ARA) (for limited partners only)” on page 65.

Partners will calculate the allowable deductions for the current fiscal period based on their own cumulative CEE and CDE pools.

**Box 190** – Renounced Canadian exploration expenses; and  
**Box 191** – Renounced Canadian development expenses

Allocate the total amounts on lines 120 and 121 in Part 1 of the T5013 SCH 52 as follows:

**General partners** – Allocate the partner’s **full** share of renounced CEE and renounced CDE that the partnership allocated to its members.

**Limited partnerships** – You have to restrict a limited partner’s share of renounced resource expenses to the limited partner’s **adjusted** ARA.

**Box 192** – Assistance for Canadian exploration expenses; and  
**Box 193** – Assistance for Canadian development expenses

Allocate the partner’s **full** share of any assistance for CEE previously renounced, and CDE previously renounced, that the partnership allocated to its members from lines 124 and 125 in Part 1 of the T5013 SCH 52.

**Box 194** – Mineral exploration tax credit (METC)

**Fill out this box only if the partner**, including an end member, **is an individual other than a trust**. Those partners need these amounts to fill out Form T2038(IND), Investment Tax Credit (Individuals).

Allocate the partner’s **full** share of any Canadian exploration expenses (surface exploration in the mining sector only) that qualify for METC that the partnership allocated to its members from line 128 in Part 1 of the T5013 SCH 52.

**Box 195** – Portion subject to an interest-free period – METC  
Allocate the partner’s **full** share of the reduction available for the interest-free period that the partnership allocated to its members from line 129 in Part 1 of the T5013 SCH 52. This is the amount an individual is entitled to, due to an adjustment to an amount affected by the look-back rule.

**Box 196** – Portion subject to an interest-free period – CEE  
Allocate the partner’s **full** share of the reduction available for the interest-free period that the partnership allocated to its members from line 130 in Part 1 of the T5013 SCH 52. This is the amount an individual is entitled to, due to an adjustment to an amount affected by the look-back rule.

**Boxes 197 to 200** – Expenses qualifying for provincial tax credits

**Box 197** – Expenses qualifying for a provincial tax credit – BC  
**Box 198** – Expenses qualifying for a provincial tax credit – SK  
**Box 199** – Expenses qualifying for a provincial tax credit – MB  
**Box 200** – Expenses qualifying for a provincial tax credit – ON

Allocate the partner’s **full** share of any Canadian exploration expenses (mining sector only) that qualify for a provincial tax credit that the partnership allocated to its members from lines 141, 143, 144 and 145 in Part 1 of the T5013 SCH 52.

Partners, including end members, who are individuals (excluding trusts) need these amounts to claim the provincial tax credit. Where the expenses qualify for this tax credit, some provinces require that the individual be a resident of the province at the end of the calendar year.

#### Note

Some provinces require the partnership to provide the partners with the appropriate provincial tax credit form to claim these credits. See the relevant legislation and regulations for the provinces

**Box 239** – Critical mineral exploration tax credit (CMETC) **Fill out this box only if the partner, including an end member, is an individual other than a trust.** Those partners need these amounts to fill out Form T2038(IND), Investment Tax Credit (Individuals). Allocate the partner's full share of any Canadian exploration expenses (surface exploration in the critical mining sector only) that qualify for the CMETC that the partnership allocated to its members from line 122 in Part 1 of the T5013 SCH 52.

**Box 240** – Portion subject to an interest-free period – CMETC Allocate the partner's full share of the reduction available for the interest-free period that the partnership allocated to its members from line 123 in Part 1 of the T5013 SCH 52. This is the amount an individual is entitled to, due to an adjustment to an amount affected by the look-back rule.

### Tax shelter information

Fill out this section if the tax shelter sold units to the partner in the fiscal period. The partners use this information when they claim any tax shelter losses or deductions reported on the T5013 slip.

**Box 201** – Number of units acquired  
Enter the number of units in the tax shelter the investor **acquired in the fiscal period.** Do not include units previously reported in a prior filing. Enter the number of units in the generic text boxes in the "Other information" area on the slip.

**Box 202** – Cost per unit  
Enter the acquisition cost of each unit in the tax shelter the investor acquired in the fiscal period. Do not include units acquired in previous fiscal periods.

**Box 203** – Total cost of units  
Enter the total cost of the units (multiply the amount in box 201 by the amount in box 202).

**Box 204** – Other indirect reductions  
Enter the amount of any indirect reduction of the expenditure under subparagraph 143.2(6)(b)(iii).

#### Provincial tax credits

Partners may be able to claim provincial tax credits that relate to their share of certain amounts allocated from the partnership. If there are no specific boxes on the T5013 slip to report such amounts, partnerships should nonetheless provide partners with the necessary information to claim any applicable provincial tax credits.

#### Note

More information on the various provincial tax credits is in the individual and corporate income tax guides. You

can also see the relevant legislation and regulations for the provinces.

## Filling out Form T5013 SUM, Summary of Partnership Income

### Part 1 – Identification

Enter the information for your situation.

### Part 2 – Totals from the T5013 slips

**Box 009** – Total number of T5013 information slips attached  
Enter the number of T5013 slips issued to partners or investors for the fiscal period.

#### Reporting amounts and information from the T5013 slips

Use the section under box 009 to report the **total** of amounts you reported on all the related T5013 slips you filed with this summary. This section reflects the same categories of income and losses you reported on the T5013 slips.

**Fixed boxes** – The fixed boxes on this form are the same as the fixed boxes on the T5013 slips. In each fixed box, report the totals of amounts allocated to the partners on the T5013 slips.

**Box 010** – Total limited partner's business income (loss)  
Enter the total from box 010 of all T5013 slips.

**Box 020** – Total business income (loss)  
Enter the total from box 020 of all T5013 slips.

**Box 030** – Total capital gains (losses)  
Enter the total from box 030 of all T5013 slips.

**Box 040** – Capital cost allowance  
Enter the total from box 040 of all T5013 slips.

**Generic financial boxes** – In the six generic boxes in this area, report the totals of amounts allocated to the partners on the T5013 slips.

**Box 110** – Canadian and foreign net rental income (loss)  
Enter the total from box 110 of all T5013 slips.

**Box 120** – Professional income (loss)  
Enter the total from box 120 of all T5013 slips.

**Box 190** – Renounced Canadian exploration expenses  
Enter the total from box 190 of all T5013 slips.

**Box 191** – Renounced Canadian development expenses  
Enter the total from box 191 of all T5013 slips.

**Box 194** – Expenses qualifying for an ITC  
Enter the sum of boxes 194 and 239 of all the T5013 slips.

**Box 210** – Total carrying charges  
Enter the total from box 210 of all the T5013 slips.

For more information, see the examples on page 70.

### Part 3 – Contact information

The contact person must be familiar with the records, books of account, and the partnership's financial operations.

We will contact this individual directly if we need more information when processing or reviewing the T5013 summary.

## Part 4 – Certification

To certify that the information provided on the return, summary, and slips is correct and complete, an authorized person must date, sign and provide their position or office.

Enter the name of the preparer in the box just below the certification area, and the date it was prepared.

### Note

For fiscal periods ending in 2013 and later years, nominees or agents only have to complete Form T5013 SUM, Summary of Partnership Income, and the T5013, Statement of Partnership Income, slips for each partnership of which they held an interest for another person. They do not have to file Form T5013 FIN, Partnership Financial Return, and the T5013 SCH 50, Partner's Ownership and Account Activity.

## Chapter 10 – Transactions with non-residents of Canada

### Returns required

In addition to completing the partnership information return, if your partnership has transactions with non-residents, the partnership or its partners may also have to fill out the following information returns:

- NR4SUM, Summary of Amounts Paid or Credited to Non-Residents of Canada
- NR4, Statement of Amounts Paid or Credited to Non-Residents of Canada
- T4A-NRSUM, Fees, Commissions, or Other Amounts Paid to Non-Residents for Services Rendered in Canada
- T4A-NR, Statement of Fees, Commissions, or Other Amounts Paid to Non-Residents for Services Rendered in Canada
- T106, Information Return of Non-arm's Length Transactions with Non-residents
- T1134, Information Return Relating to Controlled and Not-Controlled Foreign Affiliates
- T1141, Information Return in Respect of Contributions to Non-Resident Trusts, Arrangements or Entities
- T1142, Information Return in Respect of Distributions From and Indebtedness to a Non-Resident Trust

**Reference**  
Section 233.1

### Payments to non-residents of Canada

As well as filling out the T5013 slips, the partnership may also have to fill out NR4 slips and Form NR4SUM.

If a non-resident provides services in Canada to a partnership, the partnership has to fill out T4A-NR slips and Form T4A-NRSUM.

If you need more information about withholding requirements, making payments, and filing the NR4 or T4A-NR information returns, see Guide T4061, NR4 – Non-Resident Tax Withholding, Remitting and Reporting.

## Withholding requirements

A partnership that pays or credits, or which we consider to have paid or credited, certain amounts to non-residents may have to withhold tax on the income under Part XIII. These include:

- management fees
- interest
- estate or trust income
- rents, royalties, etc.
- timber royalties
- dividends, including patronage dividends
- motion picture rights and acting services
- taxable net income stabilization account (NISA No. 2), and AgriStability and AgriInvest farm income support payments

Generally, the withholding tax rate is 25% unless reduced under a tax convention or agreement between Canada and a foreign country.

Remit your non-resident tax deductions so that we receive them no later than 15 days after the end of the month in which you withheld the tax. We consider the payment to be received on the date the payment is received by us or your Canadian financial institution.

To make your payment directly to us, use the remittance voucher from Form NR76, Non-Resident Tax – Statement of Account. Send it and your cheque or money order, payable to the Receiver General for Canada, to:

Canada Revenue Agency  
P.O. Box 3800, Stn A  
Sudbury ON P3A 0C3  
CANADA

You can also make your payment by taking your completed remittance voucher to your financial institution in Canada.

**References**  
Subsections 212(1), (2), (5), (5.1), and 215(1)

### Penalties for failing to withhold or to remit non-resident tax

A partnership that pays or credits, or which we consider to have paid or credited certain amounts to or for a non-resident of Canada, but does not withhold (or remit) non-resident tax, is liable for the amount of tax that the partnership should have withheld or remitted, plus a penalty of 10% of the tax. If we have penalized the partnership previously, a penalty of 20% of the tax may apply for any more failures in the same calendar year.

We charge interest, compounded daily at a set rate, on the total amount of tax, penalties, and interest levied.

Both penalties and interest are payable to the Receiver General for Canada.

**References**  
Subsections 215(6), 227(8) and (9)

## Non-arm's length transactions with non-residents

You have to file Form T106, Information Return of Non-arm's Length Transactions with Non-residents, if, at any time in your partnership's fiscal period, your partnership did the following:

- carried on a business in Canada, or included a member who was a Canadian resident
- participated in a reportable transaction with a non-arm's length non-resident person or a partnership of which that non-resident person is a member
- had total reportable transactions in the fiscal period of more than \$1,000,000 for all the non-residents

Form T106 consists of the T106 Summary and the T106 slips. You must file a separate T106 slip for each non-resident.

Your partnership has to file Form T106 no later than the day on which you have to file your partnership information return. If you do not file your Form T106 by the due date, the partnership will be subject to a penalty. For more information, see Form T106.

**References**  
Sections 233.1 and 251

## Foreign affiliates

If your partnership is described in subparagraph 233.4(1)(c)(i), and has a foreign affiliate as described in subparagraph 233.4(1)(c)(ii), your partnership has to file Form T1134, Information Return Relating to Controlled and Not-Controlled Foreign Affiliates. For fiscal periods that begin before 2020, the partnership has to file Form T1134 no later than 15 months after the end of its fiscal period. As a transitional measure, for fiscal periods that begin in 2020, the partnership has to file Form T1134 no later than 12 months after the end of its fiscal period.

### Note

For fiscal periods that begin after 2020, the partnership has to file Form T1134 no later than 10 months after the end of its fiscal period.

For more information, see Form T1134, Information Return Relating to Controlled and Non-Controlled Foreign Affiliates.

**Reference**  
Section 233.4

## Transfers or loans to a non-resident trust

If, in any year, your partnership made a transfer or loan to certain non-resident trusts of which members of the partnership are contributors, connected contributors or resident contributors, the property is considered to have been transferred or lent jointly by the partnership and by each member of the partnership. Each member of your partnership may have to file Form T1141, Information Return in Respect of Contributions to Non-Resident Trusts, Arrangements or Entities, but members can elect to file jointly.

In general, the members of the partnership have to file Form T1141 no later than the day on which they have to file

their tax returns for the tax year that includes the end of the trust's year. Where a joint election is made, Form T1141 must be filed on or before the latest day on which Form T1141 would have been due by any of the partners if not for the joint filing.

**References**  
Subsections 94(1) and (2), 233.2(2), (4), and (5)

## Distributions from and indebtedness to a non-resident trust

If your partnership is beneficially interested in a non-resident trust (other than an excluded trust or an estate that arose on death) and it received a distribution from or was indebted to the non-resident trust in the year, your partnership may have to file Form T1142, Information Return in Respect of Distributions from and Indebtedness to a Non-Resident Trust.

Your partnership has to file Form T1142 no later than the day on which you have to file your partnership information return.

**Reference**  
Subsection 233.6(1)

## Penalties for failing to file an information return

### Information returns reporting foreign affiliates, non-arm's length transactions with non-residents, and transfers or loans to a non-resident trust

If the information returns reporting foreign affiliates and non-arm's length transactions with non-residents are not filed when required, the partnership will be subject to a penalty.

If the information return reporting transfers or loans to a non-resident trust is not filed when required, the partner will be subject to a penalty.

The penalty is \$25 per day for up to 100 days (minimum \$100 and maximum \$2,500).

Where the failure to file is done knowingly or under circumstances amounting to gross negligence, the penalty is \$500 a month, to a maximum of \$12,000 for each failure to file, less any penalties already levied.

If we have served a demand to file the information return, the penalty is \$1,000 a month, to a maximum of \$24,000 for each failure to file, less any penalties already levied.

We can assess an additional penalty if, after 24 months, the information returns reporting foreign affiliates and transfers or loans to a non-resident trust still have not been filed. We can also assess an additional penalty if you knowingly, or under circumstances amounting to gross negligence, make false statements or omissions in an information return.

### Information return reporting distributions from and indebtedness to a non-resident trust

If the information return reporting distributions from and indebtedness to a non-resident trust is not filed when required, the partnership is subject to a penalty. The penalty is the greater of \$100 or \$25 times the number of days late, up to a maximum of 100 days. However, if a

demand to file the information return was issued, the penalty is \$1,000 a month, to a maximum of \$24,000 for each failure, less any penalties already levied. An additional penalty may apply for making false statements or omissions.

#### References

Subsections 162(7), (10), (10.1), and 163(2.4)

## Disposing of taxable Canadian property by non-residents

Generally, when non-residents dispose of taxable Canadian property, they have to notify us of the proposed or actual disposition by filling out Form T2062, Request by a Non-Resident of Canada for a Certificate of Compliance Related to the Disposition of Taxable Canadian Property.

On a proposed disposition, the seller may either prepay or provide security for the tax that may be payable. The tax is 25% of the estimated proceeds of disposition minus the adjusted cost base of the property. When we receive the notice and the tax or security, we will issue a **clearance certificate** for the non-resident and the proposed purchaser fixing the amount of the estimated proceeds of disposition.

If the non-resident did not notify us of the proposed disposition, or if the information about the proposed disposition changed, the seller has 10 days after the disposition to advise us. When we receive the notice of the actual disposition and the tax or security, we will issue a clearance certificate for the non-resident and the purchaser.

If the seller does not prepay or provide security for the tax payable, the buyer may have to pay any tax owing by the seller. Generally, this tax is 25% of the purchaser's cost, or if we issued a certificate for a proposed disposition, the tax is 25% of the cost **minus** the proceeds of disposition (certificate limit) fixed by that certificate. The buyer has to send this amount to us no later than 30 days after the end of the month in which the property was acquired. The buyer is entitled to recover the tax paid on behalf of the seller and can withhold amounts from any later payments to the seller.

The buyer is not liable for the seller's tax if we issued a certificate to the non-resident seller and the buyer for the actual disposition.

In addition to Form T2062, you may have to file one or more of the following:

- **for dispositions of Canadian resource property**, fill out Form T2062A, Request by a Non-Resident of Canada for a Certificate of Compliance Related to the Disposition of Canadian Resource or Timber Resource Property, Canadian Real Property (Other Than Capital Property), or Depreciable Taxable Canadian Property, and the related T2062A SCH 1, Disposition of Canadian Resource Property by Non-Residents
- **for dispositions of Canadian real property (other than capital property)**, Canadian timber resource property, and depreciable taxable Canadian property, fill out Form T2062A
- **for dispositions of a life insurance policy in Canada**, fill out Form T2062B, Notice of Disposition of a Life

Insurance Policy in Canada by a Non-Resident of Canada, and the related T2062B SCH 1, Certification and Remittance Notice

#### References

Subsections 116(1) to (5)  
Information Circular IC72-17, Procedures Concerning the Disposition of Taxable Canadian Property by Non-Residents of Canada – Section 116

## Disposing of taxable Canadian property by a partnership with non-resident partners

For a disposition by a partnership with non-resident partners, we will accept one Form T2062 filed for all non-resident partners.

With the notice, we need a list of **all** the non-resident partners with each non-resident partner's:

- complete Canadian and foreign address
- complete Canadian social insurance number, corporation business number, trust account number, partnership business number, or non-resident account number
- percentage of the taxable Canadian property that each non-resident partner owns
- amount of the prepayment or security allocated to each of the non-resident partners

We will then issue one certificate of compliance, Form T2064(C), Certificate with Respect to the Proposed Disposition of Property by a Non-Resident of Canada, or Form T2068(C), Certificate with Respect to the Disposition of Property by a Non-Resident of Canada, and attach a list of the above information.

The partnership is responsible for giving the relevant information to each non-resident partner. Each partner's actual tax liability will be calculated when we assess each partner's return for the year.

#### References

Information Circular IC76-12, Applicable Rate of Part XIII tax on Amounts Paid or Credited to Persons in Countries with which Canada has a Tax Convention  
Interpretation Bulletin IT-81, Partnerships – Income of Non-Resident Partners  
Interpretation Bulletin IT-155, Exemption from Non-Resident Tax on Interest Payable on Certain Bonds, Debentures, Notes, Hypothecs, or Similar Obligations, and its Special Release  
Interpretation Bulletin IT-361, Exemption from Part XIII Tax on Interest Payments to Non-Residents  
Income Tax Folio S5-F1-C1, Determining an Individual's Residence Status

# Appendix A – Canadian province or territory, and U.S. state, territory, or possession codes

Use the following abbreviations when you have to enter Canadian province or territory, or U.S. state, territory or possession codes.

## Canada

|                                |    |                            |    |                    |    |
|--------------------------------|----|----------------------------|----|--------------------|----|
| Alberta .....                  | AB | Northwest Territories..... | NT | Québec.....        | QC |
| British Columbia.....          | BC | Nova Scotia.....           | NS | Saskatchewan ..... | SK |
| Manitoba.....                  | MB | Nunavut.....               | NU | Yukon.....         | YT |
| New Brunswick .....            | NB | Ontario .....              | ON |                    |    |
| Newfoundland and Labrador..... | NL | Prince Edward Island.....  | PE |                    |    |

## United States

|                               |    |  |    |                      |    |
|-------------------------------|----|--|----|----------------------|----|
| Alabama.....                  | AL | Kansas .....                           | KS | Ohio .....           | OH |
| Alaska .....                  | AK | Kentucky .....                         | KY | Oklahoma .....       | OK |
| American Samoa.....           | AS | Louisiana.....                         | LA | Oregon.....          | OR |
| Arizona .....                 | AZ | Maine.....                             | ME | Palau.....           | PW |
| Arkansas .....                | AR | Marshall Islands.....                  | MH | Pennsylvania .....   | PA |
| Armed Forces America.....     | AA | Maryland .....                         | MD | Puerto Rico .....    | PR |
| Armed Forces Africa .....     | AE | Massachusetts .....                    | MA | Rhode Island .....   | RI |
| Armed Forces Canada .....     | AE | Michigan .....                         | MI | South Carolina ..... | SC |
| Armed Forces Europe .....     | AE | Micronesia (Federation states of)..... | FM | South Dakota.....    | SD |
| Armed Forces Middle East..... | AE | Minnesota .....                        | MN | Tennessee.....       | TN |
| Armed Forces Pacific .....    | AP | Minor Outlying Islands.....            | UM | Texas.....           | TX |
| California .....              | CA | Mississippi.....                       | MS | Utah .....           | UT |
| Colorado .....                | CO | Missouri .....                         | MO | Vermont .....        | VT |
| Connecticut .....             | CT | Montana .....                          | MT | Virgin Islands ..... | VI |
| Delaware.....                 | DE | Nebraska .....                         | NE | Virginia .....       | VA |
| District of Columbia.....     | DC | Nevada .....                           | NV | Washington .....     | WA |
| Florida.....                  | FL | New Hampshire.....                     | NH | West Virginia.....   | WV |
| Georgia.....                  | GA | New Jersey.....                        | NJ | Wisconsin.....       | WI |
| Guam.....                     | GU | New Mexico.....                        | NM | Wyoming .....        | WY |
| Hawaii.....                   | HI | New York.....                          | NY |                      |    |
| Idaho .....                   | ID | North Carolina .....                   | NC |                      |    |
| Illinois .....                | IL | North Dakota .....                     | ND |                      |    |
| Indiana .....                 | IN | Northern Mariana Islands .....         | MP |                      |    |
| Iowa.....                     | IA |  |    |                      |    |

## Appendix B – Country codes

Use the following abbreviations when you have to enter a country code.

| Country  | Code | Country                                    | Code | Country   | Code |
|--|------|--|------|---|------|
| Afghanistan.....                                       | AFG  | Croatia .....                              | HRV  | Isle of Man .....                                       | IMN  |
| Åland Islands .....                                    | ALA  | Cuba .....                                 | CUB  | Israel .....  | ISR  |
| Albania .....  | ALB  | Curaçao.....                               | CUW  | Italy .....   | ITA  |
| Algeria.....   | DZA  | Cyprus .....                               | CYP  | Jamaica.....  | JAM  |
| American Samoa.....                                    | ASM  | Czech Republic .....                       | CZE  | Japan .....   | JPN  |
| Andorra.....   | AND  | Denmark.....                               | DNK  | Jersey .....  | JEY  |
| Angola.....  | AGO  | Djibouti.....                              | DJI  | Jordan .....  | JOR  |
| Anguilla .....   | AIA  | Dominica .....                             | DMA  | Kazakhstan.....   | KAZ  |
| Antarctica.....  | ATA  | Dominican Republic .....                   | DOM  | Kenya.....  | KEN  |
| Antigua and Barbuda.....                               | ATG  | Ecuador .....                              | ECU  | Kiribati.....   | KIR  |
| Argentina .....  | ARG  | Egypt.....                                 | EGY  | Korea, Democratic People's Republic<br>of (North) ..... | PRK  |
| Armenia .....  | ARM  | El Salvador .....                          | SLV  | Korea, Republic of (South).....                         | KOR  |
| Aruba.....   | ABW  | Equatorial Guinea .....                    | GNQ  | Kuwait .....  | KWT  |
| Australia.....   | AUS  | Eritrea .....                              | ERI  | Kyrgyzstan.....   | KGZ  |
| Austria.....   | AUT  | Estonia .....                              | EST  | Lao People's Democratic<br>Republic.....                | LAO  |
| Azerbaijan.....  | AZE  | Eswatini .....                             | SWZ  | Latvia.....   | LVA  |
| Bahamas .....  | BHS  | Ethiopia.....                              | ETH  | Lebanon.....  | LBN  |
| Bahrain .....  | BHR  | Falkland Islands (Malvinas) .....          | FLK  | Lesotho .....   | LSO  |
| Bangladesh .....                                       | BGD  | Faroe Islands .....                        | FRO  | Liberia.....  | LBR  |
| Barbados .....   | BRB  | Fiji .....                                 | FJI  | Libya .....   | LYB  |
| Belarus.....   | BLR  | Finland.....                               | FIN  | Liechtenstein.....                                      | LIE  |
| Belgium .....  | BEL  | France.....                                | FRA  | Lithuania .....   | LTU  |
| Belize .....   | BLZ  | French Guiana.....                         | GUF  | Luxembourg .....  | LUX  |
| Benin.....   | BEN  | French Polynesia .....                     | PYF  | Macao .....   | MAC  |
| Bermuda.....   | BMU  | French Southern Territories .....          | ATF  | Macedonia, the Former Yugoslav<br>Republic of .....     | MKD  |
| Bhutan .....   | BTN  | Gabon.....                                 | GAB  | Madagascar.....   | MDG  |
| Bolivia, Plurinational State of.....                   | BOL  | Gambia.....                                | GMB  | Malawi.....   | MWI  |
| Bonaire, Sint Eustatius<br>and Saba .....              | BES  | Georgia .....                              | GEO  | Malaysia .....  | MYS  |
| Bosnia and Herzegovina.....                            | BIH  | Germany .....                              | DEU  | Maldives.....   | MDV  |
| Botswana.....  | BWA  | Ghana.....                                 | GHA  | Mali .....  | MLI  |
| Bouvet Island.....                                     | BVT  | Gibraltar .....                            | GIB  | Malta.....  | MLT  |
| Brazil.....  | BRA  | Greece .....                               | GRC  | Marshall Islands.....                                   | MHL  |
| British Indian Ocean Territory .....                   | IOT  | Greenland.....                             | GRL  | Martinique .....  | MTQ  |
| Brunei Darussalam .....                                | BRN  | Grenada .....                              | GRD  | Mauritania .....  | MRT  |
| Bulgaria .....   | BGR  | Guadeloupe.....                            | GLP  | Mauritius.....  | MUS  |
| Burkina Faso (Upper Volta) .....                       | BFA  | Guam .....                                 | GUM  | Mayotte .....   | MYT  |
| Burundi .....  | BDI  | Guatemala .....                            | GTM  | Mexico .....  | MEX  |
| Cabo Verde .....                                       | CVE  | Guernsey .....                             | GGY  | Micronesia, Federated States of .....                   | FSM  |
| Cambodia (Kampuchea).....                              | KHM  | Guinea.....                                | GIN  | Moldova, Republic of .....                              | MDA  |
| Cameroon .....   | CMR  | Guinea Bissau .....                        | GNB  | Monaco.....   | MCO  |
| Canada .....   | CAN  | Guyana .....                               | GUY  | Mongolia .....  | MNG  |
| Cayman Islands .....                                   | CYM  | Haiti.....                                 | HTI  | Montenegro .....  | MNE  |
| Central African Republic .....                         | CAF  | Heard Island and McDonald<br>Islands ..... | HMD  | Montserrat .....  | MSR  |
| Chad .....   | TCD  | Holy See (Vatican City State).....         | VAT  | Morocco.....  | MAR  |
| Chile .....  | CHL  | Honduras.....                              | HND  | Mozambique.....   | MOZ  |
| China (Mainland).....                                  | CHN  | Hong Kong.....                             | HKG  | Myanmar (Burma) .....                                   | MMR  |
| Christmas Island (Australia) .....                     | CXR  | Hungary .....                              | HUN  | Namibia .....   | NAM  |
| Cocos (Keeling) Islands.....                           | CCK  | Iceland .....                              | ISL  | Nauru .....   | NRU  |
| Columbia .....   | COL  | India .....                                | IND  | Nepal .....   | NPL  |
| Comoros.....   | COM  | Indonesia .....                            | IDN  | Netherlands .....                                       | NLD  |
| Congo .....  | COG  | Iran, Islamic Republic of.....             | IRN  | New Caledonia.....                                      | NCL  |
| Congo, Democratic Republic of<br>(formerly Zaire)..... | COD  | Iraq .....                                 | IRQ  |   |      |
| Cook Islands.....                                      | COK  | Ireland.....                               | IRL  |   |      |
| Costa Rica .....                                       | CRI  |  |      |   |      |
| Côte d'Ivoire (Ivory Coast).....                       | CIV  |  |      |   |      |

| <b>Country</b>                      | <b>Code</b> | <b>Country</b>                   | <b>Code</b> | <b>Country</b>                      | <b>Code</b> |
|-------------------------------------|-------------|----------------------------------|-------------|-------------------------------------|-------------|
| New Zealand.....                    | NZL         | Saint Vincent and the Grenadines |             | Tonga.....                          | TON         |
| Nicaragua.....                      | NIC         | .....                            | VCT         | Trinidad and Tobago.....            | TTO         |
| Niger.....                          | NER         | Samoa.....                       | WSM         | Tunisia.....                        | TUN         |
| Nigeria.....                        | NGA         | San Marino.....                  | SMR         | Turkey.....                         | TUR         |
| Niue.....                           | NIU         | Sao Tome and Principe.....       | STP         | Turkmenistan.....                   | TKM         |
| Norfolk Island.....                 | NFK         | Saudi Arabia.....                | SAU         | Turks and Caicos Islands.....       | TCA         |
| Northern Ireland.....               | GBR         | Senegal.....                     | SEN         | Tuvalu.....                         | TUV         |
| Northern Mariana Islands.....       | MNP         | Serbia.....                      | SRB         | <b>U</b> ganda.....                 | UGA         |
| Norway.....                         | NOR         | Seychelles.....                  | SYC         | Ukraine.....                        | UKR         |
| <b>O</b> man.....                   | OMN         | Sierra Leone.....                | SLE         | United Arab Emirates.....           | ARE         |
| <b>P</b> akistan.....               | PAK         | Singapore.....                   | SGP         | United Kingdom (including Northern  |             |
| Palau.....                          | PLW         | Sint Maarten (Dutch part).....   | SXM         | Ireland).....                       | GBR         |
| Panama.....                         | PAN         | Slovakia (Slovak Republic).....  | SVK         | United States.....                  | USA         |
| Papua New Guinea.....               | PNG         | Slovenia.....                    | SVN         | United States Minor Outlying        |             |
| Paraguay.....                       | PRY         | Solomon Islands.....             | SLB         | Islands.....                        | UMI         |
| Peru.....                           | PER         | Somalia.....                     | SOM         | Uruguay.....                        | URY         |
| Philippines.....                    | PHL         | South Africa.....                | ZAF         | Uzbekistan.....                     | UZB         |
| Pitcairn.....                       | PCN         | South Georgia and the South      |             | <b>V</b> anuatu (New Hebrides)..... | VUT         |
| Poland.....                         | POL         | Sandwich Islands.....            | SGS         | Venezuela, Bolivarian               |             |
| Portugal.....                       | PRT         | South Sudan.....                 | SSD         | Republic of.....                    | VEN         |
| Puerto Rico.....                    | PRI         | Spain.....                       | ESP         | Viet Nam.....                       | VNM         |
| <b>Q</b> atar.....                  | QAT         | Sri Lanka.....                   | LKA         | Virgin Islands, British.....        | VGB         |
| <b>R</b> éunion.....                | REU         | Sudan.....                       | SDN         | Virgin Islands, U.S.....            | VIR         |
| Romania.....                        | ROU         | Surinam.....                     | SUR         | <b>W</b> allis and Futuna.....      | WLF         |
| Russian Federation.....             | RUS         | Svalbard and Jan Mayen.....      | SJM         | West Bank and Gaza Strip.....       | PSE         |
| Rwanda.....                         | RWA         | Sweden.....                      | SWE         | Western Sahara.....                 | ESH         |
| <b>S</b> aint Barthélemy.....       | BLM         | Switzerland.....                 | CHE         | <b>Y</b> emen.....                  | YEM         |
| Saint Helena, Ascension and Tristan |             | Syrian Arab Republic.....        | SYR         | <b>Z</b> ambia.....                 | ZMB         |
| da Cunha.....                       | SHN         | <b>T</b> aiwan.....              | TWN         | Zimbabwe.....                       | ZWE         |
| Saint Kitts and Nevis.....          | KNA         | Tajikistan.....                  | TJK         | <b>A</b> ll other countries.....    | OMC         |
| Saint Lucia.....                    | LCA         | Tanzania United Republic of..... | TZA         |                                     |             |
| Saint Martin (French part).....     | MAF         | Thailand.....                    | THA         |                                     |             |
| Saint Pierre and Miquelon.....      | SPM         | Timor Leste.....                 | TLS         |                                     |             |
|                                     |             | Togo.....                        | TGO         |                                     |             |
|                                     |             | Tokelau.....                     | TKL         |                                     |             |



## Appendix C – References, initialisms and definitions

The following references, acronyms and definitions are provided for your information.

### References

**Return** – Unless otherwise indicated, refers to the Partnership Information Return.

**T1 return** – Refers to the Income Tax and Benefit Return.

**Partnership** – Refers only to partnerships, including tax shelters that are partnerships.

**Partner, member and member of a partnership** – When we refer to a member of a partnership, we may use the words partner, member, or member of a partnership. These terms have the same meaning.

**Income Tax Act** – We refer to the Income Tax Act as the Act.

**Income Tax Regulations** – We refer to the Income Tax Regulations as the Regulations.

**Interest in a partnership, partnership interest, and interest** – When we refer to an interest in a partnership, we

may use the words interest in a partnership, partnership interest, or interest. These terms have the same meaning.

**Tax year and fiscal period** – Under paragraph 96(1)(b), we consider the partnership’s fiscal period to be its tax year. We use the terms tax year and fiscal period to reflect specific situations as follows:

- **fiscal period** for situations that relate to choosing the accounting period, calculating the partnership’s income, and reporting the partner’s capital account
- **tax year** for situations that relate to calculating the partnership’s taxable income, for flowing amounts out of the partnership to the partners, and when the term tax year is used in the Act

**Multiple jurisdictions (Multi-jurisdictional)** – If the partnership’s allocated income is from more than one province or territory, the second box will show a two-letter province or territory code. If the income is from a foreign country, the box will show a three-letter country code.

### Acronyms

Throughout this guide and on the partnership forms, we use the following initialisms:

|              |  |
|--------------|--|
| <b>ABIL</b>  | allowable business investment loss           |
| <b>ACB</b>   | adjusted cost base                           |
| <b>AIIP</b>  | accelerated investment incentive property    |
| <b>ARA</b>   | at-risk amount                               |
| <b>ASPE</b>  | accounting standards for private enterprise  |
| <b>BN</b>    | business number                              |
| <b>CCA</b>   | capital cost allowance                       |
| <b>CCEE</b>  | cumulative Canadian exploration expenses     |
| <b>CCPC</b>  | Canadian-controlled private corporation      |
| <b>CDE</b>   | Canadian development expenses                |
| <b>CEE</b>   | Canadian exploration expenses                |
| <b>CFRE</b>  | cumulative foreign resource expense          |
| <b>COGPE</b> | Canadian oil and gas property expenses       |
| <b>CRA</b>   | Canada Revenue Agency                        |
| <b>CRCE</b>  | Canadian renewable and conservation expenses |
| <b>DIEP</b>  | designated immediate expensing property      |
| <b>EPOP</b>  | eligible person or partnership               |
| <b>FEDE</b>  | foreign exploration and development expenses |
| <b>FRE</b>   | foreign resource expense                     |
| <b>GAAP</b>  | generally accepted accounting principals     |

|                  |  |
|------------------|--|
| <b>GIFI</b>      | General Index of Financial Information           |
| <b>GST</b>       | goods and services tax                           |
| <b>HST</b>       | harmonized sales tax                             |
| <b>IFRS</b>      | international financial reporting standards      |
| <b>ITC</b>       | investment tax credit                            |
| <b>ITN</b>       | individual tax number                            |
| <b>LLP</b>       | limited liability partnership                    |
| <b>LPL</b>       | limited partnership loss                         |
| <b>PAE</b>       | publicly accountable enterprise                  |
| <b>PST</b>       | provincial sales tax                             |
| <b>QFFP</b>      | qualified farm or fishing property               |
| <b>QSBCS</b>     | qualified small business corporation shares      |
| <b>QST</b>       | Quebec sales tax                                 |
| <b>SIFT</b>      | specified investment flow-through                |
| <b>SIN</b>       | social insurance number                          |
| <b>SR&amp;ED</b> | scientific research and experimental development |
| <b>TTN</b>       | temporary tax number                             |
| <b>UCC</b>       | undepreciated capital cost                       |
| <b>ZEV</b>       | zero-emission vehicle                            |

## Definitions

### Adjusted cost base (ACB) of a partnership interest

The Act does not define an interest in a partnership, but generally considers a partner's equity ownership to be a capital property. As a capital property, the partnership interest has a tax value, and the Act provides rules about calculating that value. The partners need to know the tax value of their partnership interest because, when they dispose of all or part of it, the disposition may be subject to rules which may result in a capital gain.

In most cases, the ACB of an interest in the partnership is not the same amount as the original cost of that interest. Therefore, partners have to adjust the cost of their interest to calculate the ACB.

Under the Act, each partner will have one ACB that includes all their interests in the partnership. The Act does not differentiate between different types of interests in a partnership.

For more information, see "Calculating the adjusted cost base (ACB) of a partnership interest" on page 63.

#### References

Paragraphs 53(1)(e) and 53(2)(c)  
Interpretation bulletin IT-430-CONSOLID, Life Insurance Proceeds Received by a Private Corporation or a Partnership as a Consequence of Death

### At-risk amount (ARA)

The ARA rules apply to **limited partners**. These rules generally limit the amount of loss the limited partners can claim to the amount of the actual at-risk capital.

#### Note

**Negative ACB of a partnership interest** – The rule under subsection 40(3.1) **extends** the existing limited partnership at-risk rules that restrict the amount of losses an investor can deduct. Under this rule, limited partners and certain other partners have to report, as a capital gain, any negative ACB in their partnership interest at the end of a fiscal period of the partnership. In particular, the rule ensures that partners cannot circumvent the at-risk rules by allocating partnership losses before making distributions. Therefore, limited partners and certain other partners are not able to extract, tax-free, more than the ACB of their interest in the partnership. See "Lines 410 to 430 – At-risk amount (ARA) (for limited partners only)" on page 65.

#### References

Subsections 40(3.1), 96(2.1), 96(2.2), and 96(2.4)

### Identification number

Refers to either a social insurance number (SIN), individual tax number (ITN), temporary tax number (TTN), business number (BN), trust account number, or non-resident account number.

## Fiscal period

We consider the partnership's fiscal period to be its tax year. Generally, the partnership must use the calendar year as its fiscal period in the following situations:

- When at least one of the members of the partnership is either:
  - an **individual** (other than a graduated rate estate or an individual to whom the exemptions in section 149 or 149.1 apply)
  - a professional corporation
  - another **partnership** that has a member that is described above that would, if the fiscal period ended at the end of the calendar year in which the period began, be a member of the partnership in the period

#### Note

If the partnership carries on a business outside Canada, the Act does not require the business to use a December 31 fiscal year-end.

- In the case of a partnership (other than a partnership to which subsection 249.1(9) applies (see "Multi-tier election" below) or a partnership described in the first bullet above) that is a **member of another partnership** or **has a member that is another partnership**, if at the end of the calendar year:
  - a corporation has a significant interest, as defined in section 34.2, in the partnership
  - the partnership is a member of another partnership in which a corporation has a significant interest as defined in section 34.2
  - a membership interest in the partnership is held directly, or indirectly through one or more partnerships, by a partnership described in the first two points immediately above, or
  - the partnership holds directly, or indirectly through one or more partnerships, a membership interest in a partnership described in any of the first three points immediately above

### Multi-tier election

A partnership in a multi-tier partnership structure must use the calendar year as its fiscal period unless a valid multi-tier alignment election has been filed to align to a common fiscal period.

#### References

Subsections 102(2), 249.1(9), (10), and (11)  
Paragraphs 96(1)(b) and 249.1(1)(c)  
Subparagraph 249.1(1)(b)(ii)

### Election to use an off-calendar fiscal period under the alternative method

In general, unincorporated businesses such as partnerships are not, for income tax purposes, separate taxable entities, and are not required to file an income tax return. However, the income of unincorporated businesses that flows through partnerships is included in the income tax return of the partners. Where the partnership has an individual (other than a graduated rate estate, or an individual who is exempt from tax under section 149 or 149.1) as a partner,

that partnership must use the calendar year as its fiscal period unless an election to use an off-calendar fiscal period is filed.

However, there can be important reasons unrelated to income tax for the use of a non-calendar fiscal year (for example, using a year-end at a low point in the activity of the business).

The election to use an off-calendar fiscal period under the alternative method is available to any new unincorporated business. However, it must be made on or before the filing due date of the income tax returns of partners who are individuals, which is June 15 of the year following the year in which the business commences. The election cannot be made in a subsequent year. Where the partnership has a graduated rate estate as a member, the election must be filed on or before the earliest of the filing due dates of the members of the partnership for the tax year in which the business commences.

A partner who has the authority to act for the new partnership that carries on business can elect under subsection 249.1(4) to use an off-calendar fiscal period, if both of the following apply:

- the partnership is **not** a member of another partnership
- all the members of the partnership are individuals (including a graduated rate estate, or an individual that is exempt from tax under sections 149 or 149.1)

The election to use an off-calendar fiscal period is only required if the partnership would otherwise be required to have a calendar year due to subparagraph 249.1(1)(b)(ii).

#### References

Subsections 249.1(4) and 96(3)

### Revoking your partnership's election to use an off-calendar fiscal period under the alternative method

If your partnership elected under the alternative method to use an off-calendar fiscal period, and now wants to change to a December 31 fiscal year-end, that election can be revoked. To revoke an election, an authorized partner has to file Form T1139, Reconciliation of 2022 Business Income for Tax Purposes, with the relevant return of income on or before the earliest filing due date for the members of the partnership.

#### Reference

Subsection 249.1(6)

### Form T1139, Reconciliation of Business Income for Tax Purposes – Partnerships that cannot use the alternative method to have an off-calendar fiscal period

Partnerships whose expenditures made in the course of carrying on the business were primarily (i.e. more than 50% of its expenditures) the cost or capital cost of tax shelter investments, **cannot** use the alternative method to have an off-calendar fiscal period.

#### Reference

Subsection 249.1(5)

### Joint venture

The Act does not define **joint venture**. The term is often incorrectly used to describe an association that may be a

partnership. Whether a joint venture is a partnership is a question of fact.

In general, we **do not** consider a joint venture to be a partnership when the following conditions apply:

- Each person (participant) keeps ownership of the property. That is, the property is not held under joint tenancy or tenancy in common other than, for example, the land used in a single project to construct an apartment building
- The joint venture is limited to one project or has a specified end
- The agreement states that it is not a partnership, and the facts support this
- The joint venture participants do not act as agents for each other
- Each joint venture participant receives a share of the gross profits, and shares only expenses for the specific project (that is, they do not operate a business in common)

None of the above factors alone will determine if the relationship is a joint venture or a partnership.

#### Reference

Income Tax Folio S4-F16-C1, What is a Partnership?

### Eligible pooling arrangements

Individuals may use a special purpose partnership as an investment agent in an arrangement that is treated as a joint venture. Each individual will be treated as having their own share portfolio within the partnership.

#### References

Subsections 44.1(1) and 44.1(3)

### Limited partnership loss (LPL)

A limited partner can deduct, on its tax return, its share of the partnership's loss from a business (other than a farming business) or property only up to the maximum of its at-risk amount (ARA) at the end of the partnership's fiscal period reduced by any ITC, farming losses and resource expenses the partnership allocated to the limited partner for that fiscal period. Unless the limited partner is itself a partnership, the residual amount becomes that limited partner's LPL which the limited partner can carry forward indefinitely and deduct in a later year to the extent the limited partner has a positive ARA for the partnership after deducting the amounts specified under subparagraph 111(1)(e)(ii). The at-risk rules do not restrict farming losses that a partnership incurs and allocates to limited partners.

#### References

Subsection 96(2.1)  
Paragraph 111(1)(e)

### Nominee or agent

The terms nominee and agent are not defined in the Act or the Regulations.

For the purposes of filing the return, a nominee or an agent **has to hold an interest** in the partnership for another person in order to be considered as a nominee or an agent.

## Tax shelter

In general, one of the following definitions applies to **tax shelter**:

- an **investment** in a property (other than a flow-through share or a prescribed property)
- a **gifting arrangement** (described in bullet (a) below, under the definition of “gifting arrangement”)

The definition applies if it is reasonable to consider, based on statements or representations made or proposed to be made, that within the **first four years** of buying an investment in the property or entering into the gifting arrangement, the person will have losses, deductions, or credits **equal to or more than** the net cost of the investment in the property or of the property acquired under the gifting arrangement.

“Net cost” is the net of any prescribed benefits expected to be received or enjoyed, directly or indirectly, by the person or another person with whom the person does not deal at arm’s length. A gifting arrangement that is described in (b) below under the definition of “gifting arrangement” is also considered to be a tax shelter.

The Act defines “tax shelter” and “gifting arrangement” in subsection 237.1(1). For the purposes of the tax shelter rules, a person includes a partnership.

In general, a **gifting arrangement** means any arrangement under which it may reasonably be considered, having regard to statements or representations made or proposed to be made in connection with the arrangement, that if a person were to enter into the arrangement, the person would:

- make a gift to a qualified donee, or a political contribution, of property acquired by the person under the arrangement
- incur a limited-recourse debt that can reasonably be considered to relate to a gift to a qualified donee or a political contribution

Generally, a limited-recourse debt is one where the borrower is not at risk for the repayment.

**Property**, as defined in subsection 248(1), means property of any kind whatever, whether real or personal and whether tangible or intangible, including a right of any kind whatever and a share or a chose in action (for example, right to sue).

**Prescribed property** in relation to a tax shelter is defined in section 3101 of the Regulations and means property that is any of the following:

- a registered pension plan
- a registered retirement savings plan
- a deferred profit-sharing plan
- a registered retirement income fund
- a registered education savings plan
- shares of one of the following:
  - prescribed venture capital corporations

- prescribed labour-sponsored venture capital corporations
- taxable Canadian corporations held in a prescribed stock savings plan
- a property substituted for such shares

**Prescribed benefits** in respect of an interest in a tax shelter are defined in section 3100 of the Regulations, and include, in general, revenue guarantees, contingent liabilities, limited-recourse amounts, and rights of exchange or conversion.

### Promoter

A tax shelter **promoter** is any person who, in the course of a business, sells or issues (or promotes the sale, issuance or acquisition of) the tax shelter or acts as an agent or advisor in respect of such activities or accepts (whether as principal or agent) consideration for the tax shelter. This definition applies to all persons responsible for the sale of a tax shelter, including brokers, sales agents and advisors. There may be more than one promoter for the same tax shelter.

For more information, see “Applying for a tax shelter number” on page 10 or go to [canada.ca/cra-tax-shelters](http://canada.ca/cra-tax-shelters).

### References

Subsections 110.1(1), 118.1(1), 127(4.1), 143.2(1), 143.2(6.1), 143.2(8), 149.1(1), 237.1(1), and 248(1)  
Paragraph 40(2)(i)  
Regulations 3100 and 3101  
Income Tax Folio S1-F5-C1, Related persons and dealing at arm’s length  
Form T5001, Application for Tax Shelter Identification Number and Undertaking to Keep Books and Records

### Appraisals for donations of gifts in kind

We require that the promoter provide us with appraisals of gifts in kind.

For more information go to [canada.ca/cra-tax-shelters](http://canada.ca/cra-tax-shelters).

## Types of partners

### End member

The end member is the **last** individual (including a trust) or corporation that receives the final allocation from a partnership **after** the income has been allocated through all the various levels of the tiered partnership.

### References

Subsections 102(2), 127(31), 163(2.8), and 247(6)

### General partner

A general partner is a partner whose personal liability for the debts and obligations of the partnership is not limited.

### Limited partner (at any time during the fiscal period)

A limited partner is one whose liability as a partner is limited under partnership law.

However, we consider other partners to be limited partners for the following:

- at-risk rules relating to losses, investment tax credits, and resource expenses
- deemed gain rules relating to a negative ACB
- cost of tax shelter investments

Such partners that may be considered to be limited partners could include a partner whose liability as a member of the partnership is limited by contract and general partners who are shell corporations.

A limited partner does **not** include a member of a **limited liability partnership** (LLP) under the circumstances described in paragraph 96(2.4)(a). A limited liability partnership is a type of partnership permitted under some provincial and territorial laws.

The exception is **not** for all types of LLPs. The exception applies to LLPs that limit the member's liability **only** for debts, obligations and liabilities of the partnership, or any member of the partnership, arising from negligent acts or omissions or misconduct or fault of another member of the partnership or an employee, agent or representative of the partnership in the course of the partnership business while the partnership is an LLP. Such LLPs are often referred to as "partial shield" LLPs.

However, another type of LLP exists, commonly referred to as "full shield" LLPs, under which LLP partners are protected from partnership liabilities (for example, from partnership account payables). A partner of a "full shield" LLP would not meet the exception and would be considered a limited partner.

#### References

Section 143.2  
Subsections 40(3.14) and 96(2.4)

### Limited partner's exempt interest

If a partnership interest is an exempt interest, a person who we would otherwise consider to be a limited partner will not be subject to the at-risk rules.

Generally, a limited partner's exempt interest is a prescribed partnership interest or an interest in a partnership that was actively carrying on business, or earning income from renting or leasing property, on a regular and continuous basis on February 25, 1986, and continuously after that date.

A partnership interest can lose exempt status when, after February 25, 1986, there has been a substantial contribution of capital to the partnership or a substantial borrowing by the partnership.

#### Reference

Subsection 96(2.5)

### Specified member of a partnership

The status as a specified member of a partnership is determined for each partner for a particular fiscal period or tax year of the partnership. Generally, a specified member includes the following:

- any partner who is a limited partner at any time during the partnership's fiscal period or tax year
- any partner (including a general partner) who while a partner was **not** regularly, continuously, and substantially during the partnership's operating year:
  - **actively engaged** in the activities of the partnership's business, except for the financing of the partnership
  - **carrying on a business** similar to that of the partnership in its tax year

#### Reference

Subsection 248(1)

## Types of partnerships

Under common law, a partnership is the relationship that exists between two or more persons who join to carry on a **trade or business in common** to make a profit. If there is no business in common, there is no partnership. For instance, co-ownership of a rental property as an investment does not in itself constitute a partnership.

Each person contributes money, property, labour, or a skill, and expects to have a share in the profits or the losses of the business enterprise.

Under Quebec civil law, a contract of partnership is a contract by which the parties, in a spirit of cooperation, agree to carry on an **activity, including the operation of an enterprise**, to contribute thereto by combining property, knowledge or activities, and to share any resulting pecuniary profits.

You can have a valid partnership without a formal written partnership agreement. The type and extent of a person's involvement in the business is important in determining whether the person is a partner or not.

If you need more help to decide whether an arrangement is a partnership, you can consult the relevant provincial or territorial laws. We will usually accept a decision based on those laws.

#### Reference

Income Tax Folio S4-F16-C1, What is a Partnership?

### Canadian partnership

A Canadian partnership is one in which all the partners, including all end members, are resident in Canada.

#### References

Subsections 102(1) and 248(1)

### Canadian resident partnership

A Canadian resident partnership is a partnership that, at any time in respect of which the expression is relevant:

- is a Canadian partnership
- would, if it were a corporation, be resident in Canada (including, for greater certainty, a partnership that has its central management and control in Canada)
- was formed under the laws of a province or territory

#### Reference

Subsection 248(1)

### Limited liability partnership (LLP)

A limited liability partnership (LLP) is a type of partnership permitted under some provincial and territorial laws. An LLP is different from a limited partnership and from an ordinary general partnership. A member of an LLP may be considered a limited partner under the Act depending on the type of LLP.

For more information, see "Limited partner (at any time during the fiscal period)" on page 92.

#### References

Paragraphs 96(2.4)(a) and 40(3.14)(a)

### Limited partnership

A limited partnership must be registered as such under the appropriate provincial or territorial registry system. A limited partnership has at least one general partner and one or more limited partners.

### Public investment partnership

A public investment partnership is a public partnership of which 90% or more of the fair market value of the property it holds is related to any one or any combination of the following property:

- units of public trusts
- partnership interests in public partnerships
- shares of the capital stock of public corporations

#### Reference

Regulation 229.1(1)

### Public partnership

A public partnership is a partnership, the interests in which are listed on a designated stock exchange in Canada, and which carries on a business in Canada or is a Canadian partnership.

#### Reference

Regulation 229.1(1)

#### Note

According to subsection 229.1(2) of the Regulations, a public partnership or a public investment partnership is required to make information available with respect to distributions and allocations of income, losses, and capital so that the return can be prepared on a timely basis.

### Specified investment flow-through (SIFT) partnership

A SIFT partnership, is a partnership other than an **excluded subsidiary entity** (see Note 1 below) that meets all of the following conditions at any time during the tax year:

- the partnership is a Canadian resident partnership
- investments in the partnership are listed or traded on a stock exchange or other public market (see Note 2 below)
- the partnership holds one or more **non-portfolio properties** (see Note 3 below)

#### Note 1

An **excluded subsidiary entity** means an entity of which none of the equity is at any time in the tax year listed or traded on a stock exchange or other public market, or held by any person or partnership other than certain qualifying holders. Currently, only real estate investment trusts, taxable Canadian corporations, SIFT trusts, SIFT partnerships, and other excluded subsidiary entities are qualifying holders.

#### Note 2

An **investment** in the partnership is:

- a property that is a security of the partnership
- a right which may reasonably be considered to replicate a return on, or the value of, a security of the partnership

However, an unaffiliated publicly-traded liability of the partnership is excluded from the definition.

A **security** of the partnership includes a partnership interest. It also includes certain rights conferred by the partnership or an entity affiliated with the partnership.

**Public market** is defined to include any trading system or other organized facility on which securities that are qualified for public distribution are listed or traded. Excluded from the definition, however, is any facility that operates solely for the issuance or redemption (or acquisition or cancellation) of a security by its issuer.

#### Note 3

**Non-portfolio property** is described below.

The ITA also provides two other definitions that are important for the purposes of determining the Part IX.1 tax on SIFT partnerships: **taxable non-portfolio earnings** and **non-portfolio earnings**.

The **taxable non-portfolio earnings** of a SIFT partnership means the **lesser** of the following two amounts:

- 1) the amount that would be the SIFT partnership's income for the tax year, as determined under section 3, if it were a taxpayer for the purposes of Part I and if subsection 96(1) did not include paragraph (d)
- 2) its **non-portfolio earnings** for the tax year

The **non-portfolio earnings** of a SIFT partnership for a tax year means the total of amount **a)** plus amount **b)** below:

- a) the amount, if any, by which
  - i) the total of all of the SIFT partnership's income for the tax year from any business carried on by it in Canada and the income from any non-portfolio property other than income that is a taxable dividend received by the SIFT partnershipis **greater** than
- ii) the total of all of the SIFT partnership's losses for the tax year from any business carried on by it in Canada and from any non-portfolio property

**and**

- b) the amount, if any, by which all taxable capital gains of the SIFT partnership from dispositions of non-portfolio properties during the tax year exceeds all allowable capital losses of the SIFT partnership for the tax year from dispositions of non-portfolio properties during the tax year

A **non-portfolio property** of a partnership for a tax year means a property that is held by the partnership that is:

- 1) a security of a **subject entity** (other than a **portfolio investment entity**) if at that time the partnership holds:
  - i) securities of the subject entity that have a total fair market value that is **greater than 10%** of the equity value of the subject entity
  - ii) securities of the subject entity that, together with all of the securities that the partnership holds of entities affiliated with the subject entity, have a total

fair market value that is **greater than 50%** of the equity value of the partnership

- 2) a Canadian real, immovable or resource property, if at any time in the tax year the total fair market value of all properties held by the partnership that are Canadian real, immovable or resource properties is **greater than 50%** of the equity value of the partnership
- 3) a property that the partnership, or a person or partnership with whom the partnership does not deal at arm's length, uses at that time in the course of carrying on a business in Canada

The term **subject entity** means one of the following:

- a) a corporation resident in Canada
- b) a trust resident in Canada
- c) a Canadian resident partnership
- d) a non-resident person, or a partnership that is not described in (c) above, whose principal source of income is one or any combination of sources in Canada

A **portfolio investment entity** at any time means an entity that does not at that time hold any **non-portfolio property**.

The **equity value** of an entity at any time means the total fair market value at that time of any of the following:

- a) all of the issued and outstanding shares of the capital stock of the corporation if the entity is a corporation
- b) all of the income or capital interests in the trust if the entity is a trust
- c) all of the interests in the partnership if the entity is a partnership

**References**

Subsections 122.1(1) and 197(1)

**Small business investment limited partnership**

A limited partnership interest in a "small business investment limited partnership" (as defined in subsection 5102(1) of the Regulations) is a **qualified investment** for registered retirement savings plans (RRSPs), registered education savings plans (RESPs) and registered retirement income funds (RRIFs) unless it is excluded by virtue of subsection 4900(8) or 4900(9) of the Regulations. However, an interest in a general partnership is **not** a qualified investment.

**References**

Regulations 4900(8) and (9), 4901(2) and 5102  
Income Tax Folio S3-F10-C1, Qualified Investments – RRSPs, RESPs, RRIFs, RDSPs and TFSAs

**Tiered partnership**

A tiered partnership has one or more partners that are partnerships, or is itself a partner, in another partnership.

When a partnership (Partnership A) is a member of a particular partnership (Partnership B) that is a member of another partnership (Partnership C), those partnerships are tiered partnerships. Generally, the first partnership (Partnership A) is referred to as a top-tier partnership, the second one (Partnership B) as a second-tier partnership, and the last one (Partnership C) as a third-tier partnership. Where there are many tiered partnerships, the term "multi-tiered partnerships" is sometimes used.

**References**

Subsections 102(2) and 127(31)  
Regulation 5908(9)

## Digital services

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### Handle your business taxes online

My Business Account lets you view and manage your business taxes online.

Use My Business Account throughout the year to:

- make a payment online to the CRA with My Payment, create a pre-authorized debit (PAD) agreement, or create a QR code to pay in person at Canada Post
- file or amend information returns without a web access code
- submit documents to the CRA
- manage authorized representatives and authorization requests
- register to receive email notifications and to view mail from the CRA in My Business Account
- manage addresses, direct deposit information program account names, operating names, phone numbers, and business numbers in your profile
- view and pay account balances
- calculate and pay instalment payments
- calculate a future balance
- make an online request regarding your account and view answers to common enquiries
- track the progress of files you have submitted to the CRA
- submit an audit enquiry
- view endorsements
- download reports
- request relief of penalties and interest
- manage multi-factor authentication settings

To sign in to or register for the CRA's digital services, go to:

- My Business Account at [canada.ca/my-cra-business-account](https://canada.ca/my-cra-business-account), if you are a business owner
- Represent a Client at [canada.ca/taxes-representatives](https://canada.ca/taxes-representatives), if you are an authorized representative or employee

For more information, go to [canada.ca/taxes-business-online](https://canada.ca/taxes-business-online).

### Receive your CRA mail online

Register for email notifications to find out when CRA mail, like your notice of assessment, is available in My Business Account.

For more information, go to [canada.ca/cra-business-email-notifications](https://canada.ca/cra-business-email-notifications).

### Create a pre-authorized debit agreement from your Canadian chequing account

A pre-authorized debit PAD is a secure online self-service payment option for individuals and businesses to pay their taxes. A PAD lets you authorize withdrawals from your Canadian chequing account to pay the CRA. You can set the payment dates and amounts of your PAD agreement using the CRA's secure My Business Account service at [canada.ca/my-cra-business-account](https://canada.ca/my-cra-business-account). PADs are flexible and managed by you. You can use My Business Account to view your account history and modify, cancel, or skip a payment. For more information, go to [canada.ca/pay-authorized-debit](https://canada.ca/pay-authorized-debit).



## For more information

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### If you need help

If you need more information after reading this guide, go to [canada.ca/taxes](https://canada.ca/taxes) or call 1-800-959-5525.

### Direct deposit

Direct deposit is a fast, convenient, and secure way to receive your CRA payments directly in your account at a financial institution in Canada. For more information and ways to enrol, go to [canada.ca/cra-direct-deposit](https://canada.ca/cra-direct-deposit) or contact your financial institution.

### Forms and publications

The CRA encourages you to file your return electronically. If you need a paper version of the CRA's forms and publications, go to [canada.ca/cra-forms-publications](https://canada.ca/cra-forms-publications) or call 1-800-959-5525.

### Electronic mailing lists

The CRA can send you an email when new information on a subject of interest to you is available on the website. To subscribe to the electronic mailing lists, go to [canada.ca/cra-email-lists](https://canada.ca/cra-email-lists).

### Tax Information Phone Service (TIPS)

For tax information by telephone, use the CRA's automated service, TIPS, by calling 1-800-267-6999.

### Teletypewriter (TTY) users

If you use a TTY for a hearing or speech impairment, call 1-800-665-0354.

If you use an **operator-assisted relay service**, call the CRA's regular telephone numbers instead of the TTY number.

## CRA Service Feedback Program

### Service complaints

You can expect to be treated fairly under clear and established rules, and get a high level of service each time you deal with the CRA. For more information about the Taxpayer Bill of Rights, go to [canada.ca/taxpayer-rights](https://canada.ca/taxpayer-rights).

You may provide compliments or suggestions, and if you are not satisfied with the service you received:

1. Try to resolve the matter with the employee you have been dealing with or call the telephone number provided in the correspondence you received from the CRA. If you do not have contact information for the CRA, go to [canada.ca/cra-contact](https://canada.ca/cra-contact)
2. If you have not been able to resolve your service-related issue, you can ask to discuss the matter with the employee's supervisor
3. If the problem is still not resolved, you can file a service-related complaint by filling out Form RC193, Service Feedback. For more information and to learn

how to file a complaint, go to [canada.ca/cra-service-feedback](https://canada.ca/cra-service-feedback)

If you are not satisfied with how the CRA has handled your service-related complaint, you can submit a complaint to the Office of the Taxpayers' Ombudsperson.

### Reprisal complaints

If you have received a response regarding a previously submitted service complaint or a formal review of a CRA decision and feel you were not treated impartially by a CRA employee, you can submit a reprisal complaint by filling out Form RC459, Reprisal Complaint.

For more information, go to [canada.ca/cra-reprisal-complaints](https://canada.ca/cra-reprisal-complaints).

### Cancel or waive penalties and interest

The CRA administers legislation, commonly called taxpayer relief provisions, that allows the CRA discretion to cancel or waive penalties or interest when taxpayers cannot meet their tax obligations due to circumstances beyond their control.

The CRA's discretion to grant relief is limited to any period that ended within 10 calendar years before the year in which a request is made. For penalties, the CRA will consider your request only if it relates to a tax year or fiscal period ending in any of the 10 calendar years before the year in which you make your request. For example, your request made in 2023 must relate to a penalty for a tax year or fiscal period ending in 2013 or later.

For interest on a balance owing for any tax year or fiscal period, the CRA will consider only the amounts that accrued during the 10 calendar years before the year in which you make your request. For example, your request made in 2023 must relate to interest that accrued in 2013 or later.

Taxpayer relief requests can be made online using the CRA's My Account, My Business Account (MyBA), or Represent a Client digital services:

- **My Account:** After signing in, select "Accounts and payments," then "Request relief of penalties and interest."
- **MyBA or Represent a Client:** After signing in, on the MyBA overview page, select the appropriate program from the navigation menu, then select the correct account. Finally, select "Request relief of penalties and interest" under the "Request" heading.

You can also fill out Form RC4288, Request for Taxpayer Relief – Cancel or Waive Penalties or Interest, and send it with one of the following ways:

- online using My Account, select "Submit documents" under the "Correspondence" section
- online using MyBA or Represent a Client: select "Submit documents" from the banner at the top of the page
- by mail to the designated office, as shown on the last page of the form, based on your place of residence.

For more information about how to “Submit documents online”, go to [canada.ca/cra-submit-documents-online](https://canada.ca/cra-submit-documents-online).

For more details on the required supporting documents, relief from penalties and interest, and other related forms and publications, go to [canada.ca/penalty-interest-relief](https://canada.ca/penalty-interest-relief).