



Federal and provincial or territorial capital gains refund (2017 and later tax years)

Corporation's name	Business number	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: center;">Tax Year End</td> <td style="text-align: center;">Year</td> <td style="text-align: center;">Month</td> <td style="text-align: center;">Day</td> </tr> <tr> <td style="text-align: center;"> </td> <td style="text-align: center;"> </td> <td style="text-align: center;"> </td> <td style="text-align: center;"> </td> </tr> </table>	Tax Year End	Year	Month	Day				
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- Use this schedule if you are an investment corporation or a mutual fund corporation throughout a tax year to calculate the federal capital gains refund and the provincial and territorial capital gains refund (except for Quebec and Alberta).
- The expressions **investment corporation** and **taxed capital gains** are defined in subsection 130(3); the expression **mutual fund corporation** is defined in subsection 131(8); and the expressions **refundable capital gains tax on hand** and **capital gains redemptions** are defined in subsection 131(6) of the federal Income Tax Act.
- The expressions **Ontario capital gains refund** and **Ontario refundable capital gains tax on hand** are defined in subsections 106(2) and (3) respectively of the Taxation Act, 2007 (Ontario). The expressions **Manitoba capital gains refund** and **Manitoba refundable capital gains tax on hand** are defined in subsections 9(1) and (2) respectively of the Income Tax Act (Manitoba).
- The Ontario basic rate of tax referred to in Part 5 and Part 6 is calculated in Part 1 of Schedule 500, Ontario Corporation Tax Calculation.

Part 1 – Refundable capital gains tax on hand (RCGTOH)

RCGTOH at the end of the previous year	101	
Taxable income for the year (amount from line 360 of the T2 return)	× 28 % =	A
Taxed capital gains for the year	120 × 28 % =	B
Part I taxes payable, excluding corporate surtax		C
The least of amounts A, B, and C		D
RCGTOH amount transferred on amalgamation* (for mutual fund and investment corporations)	144	
Subtotal (total of line 101, amount D and line 144)		E
Federal capital gains refund for the previous year	151	
RCGTOH at the end of the year (before capital gains refund for the year) (amount E minus line 151)	160	

* The amount of RCGTOH at the end of the year less the capital gains refund received for the year before amalgamation.

Part 2 – Capital gains redemptions for the year *

Line 160 in Part 1		× 100/14 =		F
Fair market value of:				
all issued shares	162			
All debts or other obligations owing	164			
Subtotal (line 162 plus line 164)			▶	G
Total of cost amounts of all properties	166			
Money on hand	168			
Subtotal (line 166 plus line 168)			▶	H
Subtotal (amount G minus amount H) (if negative, enter "0")			▶	I
Net total at the end of the year (amount F plus amount I)				J
Amount paid in the year to redeem shares	169			
Fair market value of shares exchanged where subsection 131(4.1) applies and is not already included in line 169	171			
Subtotal (line 169 plus line 171)			▶	K
Capital gains redemptions for the year	Amount K	× Amount J	=	170
	Amount K	+ Line 162		

* For mutual fund corporations only.

Part 3 – Federal capital gains refund for the year *

Capital gains dividends paid in the period starting 60 days after the beginning of the year and ending 60 days after the end of the year	180	
Capital gains redemptions for the year (line 170 in Part 2)		
Total (line 180 plus Capital gains redemptions for the year)		L
Amount L multiplied by 14%		M
Federal capital gains refund for the year – the lesser of line 160 (in Part 1) and amount M	190	

(enter line 190 on line 788, page 8 of the T2 return)

* The corporation must either be an investment corporation or a mutual fund corporation throughout a tax year to obtain a refund (subsections 130(2) and 131(2) of the Income Tax Act).

Ontario Capital Gains Refund

Part 4 – Calculation of Ontario allocation factor (OAF)

If the provincial or territorial jurisdiction entered on line 750 of the T2 return is "Ontario", enter "1" on amount N.

If the provincial or territorial jurisdiction entered on line 750 of the T2 return is "multiple", complete the following calculation and enter the result on amount N:

$$\frac{\text{Ontario taxable income}^*}{\text{Taxable income}^{**}} = \underline{\hspace{2cm}}$$

Ontario allocation factor **N**

* Enter the amount allocated to Ontario from column F in Part 1 of Schedule 5, Tax Calculation Supplementary – Corporations. If the taxable income is nil, calculate the amount in column F as if the taxable income were \$1,000.

** Enter the taxable income amount from line 360 of the T2 return. If the taxable income is nil, enter 1

Part 5 – Ontario refundable capital gains tax on hand (ORCGTOH)

ORCGTOH at the end of the previous year	192	
Taxable income for the year (amount from line 360 of the T2 return) _____ × OAF _____ × Ontario basic rate of tax (see Note below) _____ = _____		O
Taxed capital gains for the year (amount on line 120 in Part 1) _____ × OAF _____ × Ontario basic rate of tax (see Note below) _____ = _____		P
Ontario corporate income tax payable (amount G6 from Part 2 of Schedule 5)		Q
Ontario refundable tax credits (amount J6 from Part 2 of Schedule 5)		R
Excess (Amount Q minus amount R) (if negative, enter "0")		S
The least of amounts O, P, and S		T
ORCGTOH amount transferred on amalgamation* (total of transfer from each predecessor corporation that was either a mutual fund corporation or an investment corporation)	194	
Subtotal (total of line 192, amount T, and line 194)		U
Ontario capital gains refund for the previous tax year	196	
ORCGTOH at the end of the year (before Ontario capital gains refund for the year) (amount U minus line 196)	198	

* The amount of ORCGTOH at the end of the year less the Ontario capital gains refund received for the year before amalgamation.

Note: Enter the rate calculated in Part 1 of Schedule 500.

Part 6 – Ontario capital gains refund for the year *

Capital gains dividends paid in the period starting 60 days after the beginning of the year and ending 60 days after the end of the year (amount on line 180, in Part 3)		V
Capital gains redemptions for the year (amount on line 170 in Part 2)		W
Total (amount V plus amount W)		X
Amount X _____ × OAF _____ × Ontario basic rate of tax (see Note below) _____ × 0.5 = _____		Y
Ontario capital gains refund for the year (the lesser of line 198 in Part 5 and amount Y)		Z

Enter amount Z on line 260 in Part 11

* The corporation must either be a mutual fund corporation or an investment corporation throughout a tax year to obtain an Ontario capital gains refund (subsections 106(1) and 106(5) of the Taxation Act, 2007 (Ontario)).

Note: Enter the rate calculated in Part 1 of Schedule 500.

Manitoba Capital Gains Refund

Part 7 – Manitoba tax rate

Tax rate = $R \times A1/A2$ where:

R = the tax rate for the period (from Schedule 383)

A1 = the number of days in the tax year that fall within the period

A2 = the number of days in the tax year

Manitoba tax rate AA

Use the Manitoba tax rate for calculations in Part 9 and Part 10.

Enter on amount AA the higher tax rate for the applicable tax year from Schedule 383, Manitoba Corporation Tax Calculation. If a single tax rate applies to the entire tax year, enter that rate. If different rates apply to different periods in the tax year, the tax rate is the **total** of all rates calculated as follows:

Part 8 - Calcul du coefficient de répartition du Manitoba (CRM)

If the provincial or territorial jurisdiction entered on line 750 of the T2 return is "Manitoba" enter "1" on amount BB. Use the amount BB to calculate the Manitoba capital gains refund for the year in Part 10.

If the provincial or territorial jurisdiction entered on line 750 of the T2 return is "multiple" complete the following calculation and enter the result on amount BB:

$$\frac{\text{Manitoba taxable income}^*}{\text{Taxable income}^{**}} = \underline{\hspace{2cm}}$$

Manitoba allocation factor BB

* Enter the amount allocated to Manitoba from column F in Part 1 of Schedule 5. If the taxable income is nil, calculate the amount in column F as if the taxable income were \$1,000.

** Enter the taxable income amount from line 360 of the T2 return. If the taxable income is nil, enter 1

Part 9 – Manitoba refundable capital gains tax on hand (MRCGTOH)

MRCGTOH at the end of the previous year **300**

Taxable income for the year (amount from line 360 of the T2 return) \times Manitoba tax rate (from amount AA in Part 7) = CC

Taxed capital gains for the year (amount on line 120 in Part 1) \times Manitoba tax rate (from amount AA in Part 7) = DD

Manitoba corporate income tax payable (amount C7 from Part 2 of Schedule 5) EE

Manitoba refundable tax credits (amount D7 from Part 2 of Schedule 5) FF

Excess (amount EE **minus** amount FF) (if negative, enter "0") GG

The least of amounts CC, DD, and GG HH

Subtotal (line 300 **plus** amount HH) II

Manitoba capital gains refund for the previous tax year **310**

MRCGTOH at the end of the year (before Manitoba capital gains refund for the year) (amount WW **minus** line 310) **320**

Part 10 – Manitoba capital gains refund for the year *

Capital gains dividends paid in the period starting 60 days after the beginning of the year and ending 60 days after the end of the year (amount on line 180, in Part 3) JJ

Capital gains redemptions for the year (amount on line 170 in Part 2) KK

Total (amount JJ **plus** amount KK) LL

Amount LL \times Manitoba tax rate (from amount AA in Part 7) \times 0.5 \times MAF (amount BB from Part 8) = MM

Manitoba capital gains refund for the year (the lesser of line 320 from Part 9 and amount MM) NN
(Enter amount NN on line 262 in Part 11.)

* The corporation must either be a mutual fund corporation or an investment corporation throughout a tax year and must be entitled to the federal capital gains refund for the tax year to receive the Manitoba capital gains refund.

Part 11 – Provincial or territorial capital gains refund for the year

Note: If the tax year includes a date with a provincial or territorial tax rate change, you have to prorate the tax rate using the number of days in the tax year before and after this date.

Provincial or territorial code	Federal capital gains refund for the year (line 190)		Capital gains refund
200			210
XO	Newfoundland and Labrador Offshore taxable income	x	Newfoundland and Labrador Offshore income tax rate
	Total taxable income	x	28 %
NL	Newfoundland and Labrador taxable income	x	Newfoundland and Labrador income tax rate
	Total taxable income	x	28 %
PE	Prince Edward Island taxable income	x	Prince Edward Island income tax rate
	Total taxable income	x	28 %
NO	Nova Scotia Offshore taxable income	x	Nova Scotia Offshore income tax rate
	Total taxable income	x	28 %
NS	Nova Scotia taxable income	x	Nova Scotia income tax rate
	Total taxable income	x	28 %
NB	New Brunswick taxable income	x	New Brunswick income tax rate
	Total taxable income	x	28 %
SK	Saskatchewan taxable income	x	Saskatchewan income tax rate
	Total taxable income	x	28 %
BC	British Columbia taxable income	x	British Columbia income tax rate
	Total taxable income	x	28 %
NT	Northwest Territories taxable income	x	Northwest Territories income tax rate
	Total taxable income	x	28 %
YT	Yukon taxable income	x	Yukon income tax rate
	Total taxable income	x	28 %
NU	Nunavut taxable income	x	Nunavut income tax rate
	Total taxable income	x	28 %
	Ontario capital gains refund for the year (amount Z in Part 6)		260
	Manitoba capital gains refund for the year (amount NN in Part 10)		262
	Total provincial or territorial capital gains refund for the year (add amounts on lines 210, 260, and 262)		290

Enter the amount from line 290 on line 808 on page 8 of the T2 return.

* For Newfoundland and Labrador the capital gains refund as calculated above cannot exceed the least of:

- Newfoundland and Labrador tax otherwise payable on line 209 on Schedule 5;
- the taxed capital gains on line 120 in Part 1 **multiplied** by the Newfoundland and Labrador income tax rate; and
- Newfoundland and Labrador taxable income **multiplied** by the Newfoundland and Labrador income tax rate.

Note: If the tax year includes a date with a provincial or territorial tax rate change, you have to prorate the tax rate using the number of days in the tax year before and after this date.