



Manitoba Corporation Tax Calculation (2016 and later tax years)

| | | |
|--------------------|-----------------|------------------------------------|
| Corporation's name | Business number | Tax year-end Year Month Day |
|--------------------|-----------------|------------------------------------|

- Use this schedule if your corporation had a permanent establishment (under section 400 of the federal *Income Tax Regulations*) in Manitoba and had taxable income earned in the year in Manitoba.
- This schedule is a worksheet only and is not required to be filed with your *T2 Corporation Income Tax Return*.

Part 1 – Income subject to Manitoba lower and higher tax rates

Period before January 1, 2016

If there are days in the tax year in the period mentioned above, calculate the income subject to Manitoba lower and higher tax rates as follows:

Taxable income for Manitoba * A1

Income eligible for the Manitoba lower tax rate:

Amount from line 400 of the T2 return ** B1

Amount from line 405 of the T2 return C1

Amount from line 427 of the T2 return $\times \frac{425,000}{500,000} =$ D1

Amount B1, C1, or D1, whichever is the least. E1

For credit unions only:

Amount D from Schedule 17, *Credit Union Deductions*. 1

Amount E1 above 2

Subtotal (amount 1 minus amount 2, if negative, enter "0") F1

Subtotal (add amounts E1 and F1) G1

Amount G1 $\times \frac{\text{Taxable income for Manitoba}^*}{\text{Taxable income for all provinces}^{***}} =$ H1

Note: amount H1 cannot exceed amount A1

Income subject to Manitoba higher tax rate (amount A1 minus amount H1) I1

Period after December 31, 2015

For days in the tax year in the period mentioned above, calculate the income subject to Manitoba lower and higher tax rates as follows:

Taxable income for Manitoba * A2

Income eligible for the Manitoba lower tax rate:

Amount from line 400 of the T2 return ** B2

Amount from line 405 of the T2 return C2

Amount from line 427 of the T2 return $\times \frac{450,000}{500,000} =$ D2

Amount B2, C2, or D2, whichever is the least E2

For credit unions only:

Amount D from Schedule 17, *Credit Union Deductions*. 1

Amount E2 above 2

Subtotal (amount 1 minus amount 2, if negative, enter "0") F2

Subtotal (add amounts E2 and F2) G2

Amount G2 $\times \frac{\text{Taxable income for Manitoba}^*}{\text{Taxable income for all provinces}^{***}} =$ H2

Note: amount H2 cannot exceed amount A2

Income subject to Manitoba higher tax rate (amount A2 minus amount H2) I2

* If the corporation has a permanent establishment only in Manitoba, enter the taxable income from line 360 of the T2 return. Otherwise, enter the taxable income allocated to Manitoba from column F in Part 1 of Schedule 5, *Tax Calculation Supplementary – Corporations*.

** If the corporation is a member of a partnership, complete Part 2 to calculate income from active business.

*** Includes the territories and the offshore jurisdictions for Nova Scotia and Newfoundland and Labrador.

Part 2 – Income from active business when there is partnership income

Complete this part only if the corporation is a member of a partnership.

Period before January 1, 2016

If there are days in the tax year in the period mentioned above, calculate the income from active business as follows:

Amount U from Part 5 of Schedule 7 1
 Amount from line 530 from Part 5 of Schedule 7 2
 Subtotal (amount 1 **minus** amount 2) J1

Amount M from Part 4 of Schedule 7 K1

| L1 Amounts from column F1 in Part 3 of Schedule 7 | M1 Amounts from column H1 in Part 3 of Schedule 7 multiplied by <u>425,000</u> 500,000 | N1 Column L1 minus column M1 (if negative, enter "0") | O1 Lesser of columns L1 and M1 (if column L1 is negative, enter "0") |
|--|---|---|--|
| 1. | | | |
| 2. | | | |
| 3. | | | |
| Totals | | P1 | Q1 |

Amount on line 370 from Part 3 of Schedule 7 R1
 Amount on line 380 from Part 3 of Schedule 7 S1
 Subtotal (amount R1 **plus** amount S1) T1

Enter amount P1 or amount T1, whichever is less U1
 Specified partnership income (amount Q1 **plus** amount U1) V1
 Partnership income not eligible for small business deduction (amount K1 **minus** amount V1) W1
Income from active business (amount J1 **minus** amount W1) X1
 Enter the amount from line X1 on line B1 in Part 1.

Period after December 31, 2015

For days in the tax year in the period mentioned above, calculate the income from active business as follows:

Amount U from Part 5 of Schedule 7 1
 Amount from line 530 from Part 5 of Schedule 7 2
 Subtotal (amount 1 **minus** amount 2) J2

Amount M from Part 4 of Schedule 7 K2

| L2 Amounts from column F1 in Part 3 of Schedule 7 | M2 Amounts from column H1 in Part 3 of Schedule 7 multiplied by <u>450,000</u> 500,000 | N2 Column L2 minus column M2 (if negative, enter "0") | O2 Lesser of columns L2 and M2 (if column L2 is negative, enter "0") |
|--|---|---|--|
| 1. | | | |
| 2. | | | |
| 3. | | | |
| Totals | | P2 | Q2 |

Amount on line 370 from Part 3 of Schedule 7 R2
 Amount on line 380 from Part 3 of Schedule 7 S2
 Subtotal (amount R2 **plus** amount S2) T2

Enter amount P2 or amount T2, whichever is less U2
 Specified partnership income (amount Q2 **plus** amount U2) V2
 Partnership income not eligible for small business deduction (amount K2 **minus** amount V2) W2
Income from active business (amount J2 **minus** amount W2) X2
 Enter the amount from line B2 in Part 2.

Part 3 – Manitoba tax before credits

Manitoba tax at the lower rate is zero. Calculate the Manitoba tax at the higher rate only.

Manitoba tax at the higher rate:

$$\text{Amount I1} \times \frac{\text{Number of days in the tax year before January 1, 2016}}{\text{Number of days in the tax year}} = \text{1}$$

$$\text{Amount I2} \times \frac{\text{Number of days in the tax year after December 31, 2015}}{\text{Number of days in the tax year}} = \text{2}$$

$$\text{Subtotal (amount 1 plus amount 2)} = \text{3}$$

Manitoba tax before credits (amount 3 multiplied by 12%) * Y

* If the corporation has a permanent establishment in more than one jurisdiction or is claiming a Manitoba tax credit, enter amount Y on line 230 of Schedule 5. Otherwise, enter it on line 760 of the T2 return.