Canada Customs and Revenue Agency | Agence des douanes et du revenu du Canada

ELECTION IN RESPECT OF A CAPITAL GAINS DIVIDEND UNDER SUBSECTION 130.1(4)

- For use by a corporation that was, throughout the year, a mortgage investment corporation as defined in subsection 130.1(6) to elect to have the provisions of subsection 130.1(4) apply to a dividend paid during the period beginning 91 days after the beginning of that year and ending 90 days after the end of that year (the "period").
- File one completed copy of this election as follows:
  - on or before the earlier of:
    - (i) the day on which the dividend is paid; and
    - (ii) the first day on which any part of the dividend is paid;
  - at the tax services office serving the area where the corporation is located or, if the corporation has a head office, where the head office is located; and
  - separate from any return. (You may put it in the same envelope as a return, but do not insert it in or attach it to the return.)
- Complete page 2 before completing this page.
- Report any amount paid in respect of the dividend for which this election is made as a capital gains dividend on a T5 return (T5 Summary form and related T5 Supplementary slips) for the calendar year in which the payment was made.
- Parts, subsections, and paragraphs referred to on this form are from the *Income Tax Act*.

Do not use this area

Name of corporation (print)	Business Number	
Address	Tax services office	
Name of person to contact for additional information (print)	Area code	Telephone number
Mailing address (only if different from address above)		

Part III tax calculation

Amount by which A exceeds B, if any (from page 2) . . . . . _____ D

Part III tax* – 75% of D (enter "0" if not applicable) . . . . . _____ E

* **Note:** An election may be made under subsection 184(3) to treat the excess as a separate taxable dividend. The election must be made in the manner prescribed in *Income Tax Regulation* 2106 and within 90 days from the date a Notice of Assessment is mailed in respect of the Part III tax that would otherwise be payable.

Late-filing penalty

Where the election is not filed on or before the earlier of (1) and (2) indicated on page 2, it shall be deemed to have been made on the date required if made in the prescribed manner and prescribed form, and a penalty is paid on filing this election.

Dividend (Amount A _____) x 1% x (N** ÷ 12) . . . . . _____ (i)

$500 x (N** ÷ 12) . . . . . _____ (ii)

Amount of late-filing penalty – lesser of (i) and (ii) (enter "0" if not applicable) . . . . . _____ F

** N equals the total number of months and part of a month (if applicable) during the period from the required filing date to the actual filing date.

For example, if the penalty period begins on the 15th of a month, the next month or part month starts on the 15th of the next calendar month.

Amount of remittance accompanying this election

Part III tax – Amount E above, if any . . . . . _____

Late-filing penalty – Amount F above, if any . . . . . _____

Amount remitted – Amount E plus amount F . . . . . _____ G

Do not use this area

Note

Unpaid taxes bear interest compounded daily at a prescribed rate.

Election and certification

The above-named corporation hereby elects to have the provisions of subsection 130.1(4) apply in respect of the full amount of the dividend indicated on the following page. I hereby certify that the information given on this election, and on all documents attached, is true, correct, and complete in every respect.

_____ Date

_____ Signature of authorized officer

_____ Position or office

Information required

Date this dividend was paid (where applicable) . . . . . _____ (1)

First day on which any part of the dividend was paid
(enter only if earlier than (1) above) . . . . . _____ (2)

End of taxation year during which the dividend or any part of it was paid . . . . . _____ (3)

Deemed capital gains dividend

Full amount of dividend in respect of which this election is made . . . . . _____ A

Full amount of taxed capital gains for the year:

Taxable capital gains for the year . . . . . _____

Deduct:

Allowable capital losses for the year . . . . . _____

Amount deducted under paragraph 111(1)(b) . . . . . _____ _____

Taxed capital gains for the year . . . . . _____

$$\frac{\text{Taxed capital gains for the year}}{\text{Inclusion rate for the year *}} = _____$$

Deduct:

Amount of any dividend paid during the period, and before
this dividend, deemed to be a capital gains dividend . . . . . _____

Amount available for payment of capital gains dividend . . . . . _____ B

Amount of dividend deemed to be a capital gains dividend (lesser of A and B) . . . . . _____ C

***The inclusion rate for the year is the inclusion rate on line M of Schedule 6.

Note

For taxation years ending before 1990, use a 1999 or earlier version of this form.

Attachments

- Where the directors of the corporation are legally entitled to administer the affairs of the corporation, attach a certified copy of their resolution authorizing the election.
- Where the directors are not legally so entitled, attach a certified copy of authorization of the making of this election by the person or persons legally entitled to administer the affairs of the corporation.
- Attach a cheque or money order made payable to the Receiver General for amount (G), if any, on page 1. Specify "T2012" on the remittance and indicate the name, Business Number, and taxation year end of the corporation whose account is to be credited.

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