

Election in Respect of a Capital Gains Dividend Under Subsection 130.1(4)

- A corporation that was, throughout the year, a mortgage investment corporation as defined in subsection 130.1(6) can use this form 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 (referred to on this form as the **period**).
 - Mail one completed copy of this election separately from any other return, to your tax centre on or before the earlier of:
 - the day on which the dividend is paid; and
 - the first day on which any part of the dividend is paid.
- Find your tax centre's address by going to www.cra.gc.ca/tso.

Do not use this area

- Fill out page 2 before filling out this page.
- Report any amount paid for the dividend for which this election is made as a capital gains dividend on a T5 information return (T5 Slips and T5 Summary form) 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*.

Corporation's name	Business number
Address	Tax services office
Name of person to contact for more information	Telephone number
Mailing address (only if different from address above)	

Part III tax

Amount by which A exceeds I, if any from page 2 K

Part III tax – 60% of amount K (enter "0" if not applicable) L

Note: An election can be made under subsection 184(3) to treat the excess as a separate taxable dividend. The election must be made in line with section 2106 of the *Income Tax Regulations* and within 90 days from the date a notice of assessment is mailed for the Part III tax that would otherwise be payable.

Late-filing penalty

If the election is not filed on or before the earlier of lines 1 and 2 on page 2 under the heading "Information required", it will be deemed to have been made on the date required if it is made in the approved manner and form, and a penalty is paid when it is filed.

Dividend (Amount A) × 1% × (N* ÷ 12) M

\$500 × (N* ÷ 12) O

Amount of late-filing penalty – (lesser of amount M and amount O) (enter "0" if not applicable) P

* 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 L above, if any Q

Late-filing penalty – Amount P above, if any R

Amount remitted – Amount Q plus amount R S

Note: Unpaid taxes accumulate interest compounded daily at a prescribed rate.

Do not use this area

Election and certification

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

Name of authorized officer of the corporation

Position or office

Signature of authorized officer of the corporation

Date yyyy/mm/dd

Information required

Date this dividend was paid (where applicable) _____ 1

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

Year-end of tax year during which the dividend or any part of it was paid _____ 3

Deemed capital gains dividend

Full amount of dividend for which this election is made A


Full amount of taxed capital gains for the year:

Taxable capital gains for the year _____ B

Deduct:

Allowable capital losses for the year _____ C

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

Subtotal (amount C **plus** amount D)  _____ E

Taxed capital gains for the year (Amount B **minus** amount E) F

Taxed capital gains for the year (amount F)
 Inclusion rate for the year under paragraph 38(a) = _____ G

Deduct:

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

Amount available for payment of capital gains dividend (Amount G **minus** amount H) (if negative enter "0") I

Amount of dividend deemed to be a capital gains dividend (lesser of amount A and amount I) J

Attachments

- If 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.
- If the directors are not legally so entitled, attach a certified copy of authorization to make the election from 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 S, if any, on page 1. Specify "T2012" on the remittance and to make sure the payment is credited properly, indicate the name, business number and tax year of the corporation.