



Federal and Provincial or Territorial Capital Gains Refund (2019 and later tax years)

Protected B
when completed

Corporation's name	Business number	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 terms **investment corporation** and **taxed capital gains** are defined in subsection 130(3); the term **mutual fund corporation** is defined in subsection 131(8); and the terms **refundable capital gains tax on hand** and **capital gains redemptions** are defined in subsection 131(6) of the federal Income Tax Act
- The Ontario **capital gains refund** and Ontario **refundable capital gains tax on hand** are determined in subsections 106(2) and (3) respectively of the Taxation Act, 2007 (Ontario). The Manitoba **capital gains refund** and Manitoba **refundable capital gains tax on hand** are determined 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 Corporation Income Tax Return)	× 28% =	1A
Taxed capital gains for the year	× 28% =	1B
Part I taxes payable, excluding corporate surtax		1C
The least of amounts 1A, 1B, and 1C		1D
RCGTOH amount transferred on amalgamation ^{Note 1} (for mutual fund and investment corporations)		144
Subtotal (total of line 101, amount 1D and line 144)		1E
Federal capital gains refund for the previous year		151
RCGTOH at the end of the year (before capital gains refund for the year) (amount 1E minus line 151)		160

Note 1: 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 ^{Note 2}

Line 160 in Part 1		× 100 / 14 =		2A
Fair market value of:				
All issued shares	162			
All debts or other obligations owing	164			
Subtotal (line 162 plus line 164)		▶		2B
Total of cost amounts of all properties	166			
Money on hand	168			
Subtotal (line 166 plus line 168)		▶		2C
Subtotal (amount 2B minus amount 2C) (if negative, enter "0")		▶		2D
Net total at the end of the year (amount 2A plus amount 2D)				2E
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)		▶		2F
Capital gains redemptions for the year (Amount 2F + Line 162)	×	Amount 2E	=	170

Note 2: For mutual fund corporations only.

Part 3 – Federal capital gains refund for the year ^{Note 3}

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)		3A
Amount 3A multiplied by 14%		3B
Federal capital gains refund for the year – the lesser of line 160 (in Part 1) or amount 3B (enter line 190 on line 788 of the T2 return)		190

Note 3: To receive a refund under subsections 130(2) and 131(2) of the Income Tax Act, the corporation must either be an investment corporation or a mutual fund corporation throughout a tax year.

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 at amount 4A.

If the provincial or territorial jurisdiction entered on line 750 of the T2 return is multiple, complete the following calculation and enter the result at amount 4A:

Ontario taxable income <small>Note 4</small>	=	
Taxable income <small>Note 5</small>		

Ontario allocation factor 4A

Note 4: 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.

Note 5: Enter the taxable income amount from line 360 of the T2 return. If the taxable income is nil, enter 1,000.

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)	x	OAF	x	Ontario basic rate of tax <small>Note 6</small>	=	
						5A

Taxed capital gains for the year (amount on line 120 in Part 1)	x	OAF	x	Ontario basic rate of tax <small>Note 6</small>	=	
						5B

Ontario corporate income tax payable (amount 5G from Part 2 of Schedule 5) 5C

Ontario refundable tax credits (amount 5J from Part 2 of Schedule 5) 5D

Excess (amount 5C **minus** amount 5D) (if negative, enter "0") 5E

The least of amounts 5A, 5B, and 5E 5F

ORCGTOH amount transferred on amalgamation Note 7 (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 5F, and line 194) 5G

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 5G **minus** line 196) **198**

Note 6: Enter the rate calculated in Part 1 of Schedule 500.

Note 7: The amount of ORCGTOH at the end of the year less the Ontario capital gains refund received for the year before amalgamation.

Part 6 – Ontario capital gains refund for the year Note 8

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) 6A

Capital gains redemptions for the year (amount on line 170 in Part 2) 6B

Total (amount 6A **plus** amount 6B) 6C

Amount 6C	x	OAF	x	Ontario basic rate of tax <small>Note 6</small>	x	0.5	=	
								6D

Ontario capital gains refund for the year (the lesser of line 198 in Part 5 or amount 6D) 6E
Enter amount 6E on line 260 in Part 11.

Note 8: To receive an Ontario capital gains refund (subsections 106(1) and 106(5) of the Taxation Act, 2007 (Ontario)), the corporation must either be a mutual fund corporation or an investment corporation throughout a tax year.

Note 6: Enter the rate calculated in Part 1 of Schedule 500.

Manitoba Capital Gains Refund

Part 7 – Manitoba tax rate

Enter at amount 7A 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:

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 7A

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

Part 8 – Calculation of Manitoba allocation factor (MAF)

If the provincial or territorial jurisdiction entered on line 750 of the T2 return is Manitoba, enter 1 at amount 8A. Use amount 8A 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 at amount 8A:

Manitoba taxable income <small>Note 9</small>	=		
Taxable income <small>Note 10</small>			8A

Manitoba allocation factor 8A

Note 9: 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.

Note 10: Enter the taxable income amount from line 360 of the T2 return. If the taxable income is nil, enter 1,000.

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)	×	Manitoba tax rate (amount 7A in Part 7)	
		=	
			9A
Taxed capital gains for the year (amount on line 120 in Part 1)	×	Manitoba tax rate (amount 7A in Part 7)	
		=	
			9B
Manitoba corporate income tax payable (amount 6B from Part 2 of Schedule 5)			9C
Manitoba refundable tax credits (amount 6C from Part 2 of Schedule 5)			9D
Excess (amount 9C minus amount 9D) (if negative, enter "0")			9E
The least of amounts 9A, 9B, and 9E			9F
		Subtotal (line 300 plus amount 9F)	9G
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 9G minus line 310)		320	

Part 10 – Manitoba capital gains refund for the year Note 11

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)	10A								
Capital gains redemptions for the year (amount on line 170 in Part 2)	10B								
Total (amount 10A plus amount 10B)	10C								
Amount 10C	×	Manitoba tax rate (amount 7A in Part 7)	×	0.5	×	MAF (amount 8A in Part 8)	=		10D
Manitoba capital gains refund for the year (the lesser of line 320 from Part 9 or amount 10D)									10E
Enter amount 10E on line 262 in Part 11.									

Note 11: To receive a Manitoba capital gains refund the corporation must be a mutual fund corporation throughout a tax year and must be entitled to the federal capital gains refund for the tax year.

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	×		×	Newfoundland and Labrador Offshore income tax rate	=
	Total taxable income				28%	_____
						Note 12
NL	Newfoundland and Labrador taxable income	×		×	Newfoundland and Labrador income tax rate	=
	Total taxable income				28%	_____
						Note 12
PE	Prince Edward Island taxable income	×		×	Prince Edward Island income tax rate	=
	Total taxable income				28%	_____
NO	Nova Scotia Offshore taxable income	×		×	Nova Scotia Offshore income tax rate	=
	Total taxable income				28%	_____
NS	Nova Scotia taxable income	×		×	Nova Scotia income tax rate	=
	Total taxable income				28%	_____
NB	New Brunswick taxable income	×		×	New Brunswick income tax rate	=
	Total taxable income				28%	_____
SK	Saskatchewan taxable income	×		×	Saskatchewan income tax rate	=
	Total taxable income				28%	_____
BC	British Columbia taxable income	×		×	British Columbia income tax rate	=
	Total taxable income				28%	_____
NT	Northwest Territories taxable income	×		×	Northwest Territories income tax rate	=
	Total taxable income				28%	_____
YT	Yukon taxable income	×		×	Yukon income tax rate	=
	Total taxable income				28%	_____
NU	Nunavut taxable income	×		×	Nunavut income tax rate	=
	Total taxable income				28%	_____

Ontario capital gains refund for the year (amount 6E in Part 6) **260** _____

Manitoba capital gains refund for the year (amount 10E 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 of the T2 return.

Note 12: 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
- Newfoundland and Labrador taxable income **multiplied** by the Newfoundland and Labrador income tax rate