



ONTARIO CAPITAL TAX ON FINANCIAL INSTITUTIONS (2009 and later tax years)

Name of corporation, Business Number, Tax year-end (Year, Month, Day)

- Complete this schedule for a financial institution with a permanent establishment in Ontario... The Ontario capital tax is eliminated effective July 1, 2010... You have to complete Schedule 34, Part 1.3 Tax on Financial Institutions... A corporation is exempt from Ontario capital tax if it was one of the following:

Part 1 - Paid-up capital

To be completed by a financial institution resident in Canada (including an eligible institution) other than an authorized foreign bank

Enter amount A from Part 1 of Schedule 34 (100), Add: Accumulated other comprehensive income as at the end of the year (105), Subtotal (A), Enter amount B from Part 1 of Schedule 34 (110), Add: Deductible scientific research and experimental development expenditures as at the end of the year (120), Subtotal (B), Paid-up capital (amount A minus amount B) (125)

* Exclude amounts deducted by the financial institution in computing its income under Part II of the Corporations Tax Act (Ontario) or Division B of Part III of the Taxation Act, 2007 (Ontario) for the tax year or any previous tax year.

Part 2 - Taxable paid-up capital

Paid-up capital (amount from line 125 in Part 1 or, if an authorized foreign bank, the amount from line 390 in Part 1 of Schedule 34, whichever applies) (128), Deduct: Investment allowance* (130), Taxable paid-up capital (line 128 minus line 130) (135)

* For eligible institutions, enter the carrying value at the end of the year of all shares of the capital stock or long-term debt of a qualifying corporation. See subsections 68(6) and (8) of the Taxation Act, 2007 (Ontario) for definitions of "eligible institution" and "qualifying corporation".

Part 3 - Canadian tangible property

The total of all amounts each of which is the carrying value at the end of the year of an asset of the financial institution (other than property held by the institution primarily for the purpose of resale that was acquired by the financial institution, in the year or the previous year, as a result of another person's default or anticipated default on a debt owed to the institution) that is tangible, or for civil law corporeal, property used in Canada (amount from line 511 in Part 4 of Schedule 34) (160), Add: Where the financial institution has an interest in a partnership at the end of the year, its proportionate share of the total of all amounts, each of which is the carrying value of an asset of the partnership, that is tangible, or for civil law corporeal, property used in Canada (amount from line 512 in Part 4 of Schedule 34) (165), Subtotal (C), Canadian tangible property (amount C multiplied by 1/3) (170)

Part 4 – Capital deduction for related institutions

To be completed by a financial institution that is related at any time in the year to another financial institution with a permanent establishment in Canada and that is not exempt from Ontario capital tax

Taxable capital employed in Canada (from line 690 in Part 4 of Schedule 34) **200** _____ × \$15,000,000 = **Capital deduction** **210** _____
 Total of the taxable capital employed in Canada of each member institution of the related group for the year * **205** _____

* This amount includes the filing corporation's taxable capital employed in Canada for the year.

Part 5 – Adjusted taxable paid-up capital

Taxable paid-up capital (amount from line 135 in Part 2 of this schedule) or taxable capital employed in Canada (amount from line 690 in Part 4 of Schedule 34), whichever applies **230** _____

Add:
 Canadian tangible property (see note) _____ = **D**
 Canadian allocation factor (amount E below)

Deduct:
 Capital deduction (enter \$15,000,000 or, for related corporations, the amount from line 210 in Part 4) **240** _____

Adjusted taxable paid-up capital (line 230 plus amount D minus line 240) (if negative, enter "0") **250** _____

Note: If the financial institution is resident in Canada or an authorized foreign bank, enter the amount from line 170 in Part 3, or enter "0" in any other case.

Calculation of the Canadian allocation factor

If the corporation has no income allocated to a jurisdiction outside Canada or is a non-resident corporation, enter "1" on line E. Otherwise, complete the following calculation, and enter the result on line E:

Taxable income earned in all provinces and territories * _____ = _____
 Taxable income ** _____
Canadian allocation factor **E**

* Enter the total amount from column F in Part 1 of Schedule 5, *Tax Calculation Supplementary – Corporations*, excluding the amount for outside Canada. Include the offshore jurisdictions for Nova Scotia and Newfoundland and Labrador. If the taxable income is nil, calculate the amounts in column F as if the taxable income were \$1,000.

**Enter the taxable income amount from line 360 or amount Z of the T2 return, whichever applies. If the taxable income is nil, enter "1,000."

Part 6 – Basic capital amount for related institutions

To be completed by a financial institution that is related at any time in the year to another financial institution with a permanent establishment in Canada and that is not exempt from Ontario capital tax (if not related, proceed to Part 7 – Basic capital tax)

Amount from line 200 in Part 4 _____ **F** × \$400,000,000 = **Basic capital amount** **300** _____
 Amount from line 205 in Part 4 _____ **G**

Part 7 – Basic capital tax

Note: For days in the tax year after June 30, 2010, the Ontario capital tax rate is 0%.

The amount that is the lesser of:

- a) Adjusted taxable paid-up capital (amount from line 250 in Part 5) H
- b) Basic capital amount (enter \$400,000,000 or, for related corporations,
the amount from line 300 in Part 6) I

Enter amount H or I, whichever is less **J**

Amount J _____ × $\frac{\text{Number of days in the tax year before January 1, 2010}}{\text{Number of days in the tax year}}$ _____ × .00450 = _____ **K**

Amount J _____ × $\frac{\text{Number of days in the tax year after December 31, 2009, and before July 1, 2010}}{\text{Number of days in the tax year}}$ _____ × .00300 = _____ **L**

Basic capital tax (amount K plus amount L) **400**

Part 8 – Additional capital tax

Note: For days in the tax year after June 30, 2010, the Ontario capital tax rate is 0%.

Adjusted taxable paid-up capital (amount from line 250 in Part 5) **M**

Deduct: Basic capital amount (enter \$400,000,000 or, for related corporations, enter the amount from line 300 in Part 6) **N**

Net amount (amount M minus amount N) (if negative, enter "0") **O**

Is the corporation a deposit-taking institution or related to a deposit-taking institution in the tax year? **500** 1 Yes 2 No

If you answered **yes** to the question at line 500, complete line 510.
If you answered **no** to the question at line 500, complete line 520.

To be completed if you answered yes to the question at line 500

Amount O _____ × $\frac{\text{Number of days in the tax year before January 1, 2010}}{\text{Number of days in the tax year}}$ _____ × .00675 = _____ **P**

Amount O _____ × $\frac{\text{Number of days in the tax year after December 31, 2009, and before July 1, 2010}}{\text{Number of days in the tax year}}$ _____ × .00450 = _____ **Q**

Additional capital tax (amount P plus amount Q) **510**

To be completed if you answered no to the question at line 500

Amount O _____ × $\frac{\text{Number of days in the tax year before January 1, 2010}}{\text{Number of days in the tax year}}$ _____ × .00540 = _____ **R**

Amount O _____ × $\frac{\text{Number of days in the tax year after December 31, 2009, and before July 1, 2010}}{\text{Number of days in the tax year}}$ _____ × .00360 = _____ **S**

Additional capital tax (amount R plus amount S) **520**

Part 9 – Ontario capital tax payable

Basic capital tax (amount from line 400 in Part 7) _____ T

Add:

Additional capital tax (amount from line 510 or line 520 in Part 8, whichever applies) _____ U

Subtotal (amount T **plus** amount U) = _____ V

Amount V × OAF (from line Z below) _____ W

Amount W _____ × $\frac{\text{Number of days in the tax year}^*}{365}$ = X

Add:

Small business investment tax credit repayment (according to section 79 of the *Taxation Act, 2007* (Ontario)) **600** _____

Subtotal (amount X **plus** line 600) Y

Deduct:

Small Business Investment Tax Credit (according to section 73 of the *Taxation Act, 2007* (Ontario)) **610** _____

Ontario capital tax payable (amount Y **minus** line 610) (if negative, enter "0") **620** _____

Enter the amount from line 620 on line 282 of Schedule 5.

* Enter 365 if there are at least 51 weeks in the tax year, or enter the number of days in the year, whichever applies.

Calculation of the Ontario allocation factor (OAF)

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

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 line Z:

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

Ontario allocation factor _____ Z

** Enter the amount allocated to Ontario 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 or amount Z of the T2 return, whichever applies. If the taxable income is nil, enter "1,000."