

# The T2 Short Return

## Who can use the *T2 Short Return*?

The *T2 Short Return* is a simpler version of the *T2 Corporation Income Tax Return*. There are two categories of corporations that are eligible to use this return:

- You can use this return if the corporation is a Canadian-controlled private corporation throughout the tax year and has either a loss or a nil net income for income tax purposes this year.
- You can also use this return if the corporation is exempt from tax under section 149 of the *Income Tax Act* (such as a non-profit organization).

In addition, the corporation must meet **all** of the following conditions to use this return:

- it has a permanent establishment in only one province or territory;
- it is not claiming any refundable tax credits (other than a refund of instalments paid);
- it did not receive or pay out any taxable dividends;
- it is reporting in Canadian currency;
- it does not have an Ontario transitional tax debit; and
- it does not have an amount calculated under section 34.2 of the federal Act.

File a regular *T2 Corporation Income Tax Return* if the corporation does not fit into either of the above categories or does not meet all of the above conditions.

Except for Quebec and Alberta, the *T2 Short Return* also serves as a provincial or territorial income tax return.

## What should you attach to the *T2 Short Return*?

There are three schedules you have to attach to this return\*:

- Schedule 100, *Balance Sheet Information*, showing the financial position of the corporation at the end of the tax year;
- Schedule 125, *Income Statement Information*, showing the corporation's income and expenses for the year (if the corporation did not earn any income or incur any expenses, simply state "no income" or "no expenses"); and
- Schedule 141, *Notes Checklist*, for any notes to the financial statement information and to indicate the involvement of an accountant.

\* If your corporation is inactive (you answered **yes** on line 280) and there is no balance sheet or income statement information to report, you do not have to attach these schedules. However, they will be accepted if filed.

**Depending on the circumstances, you may have to attach other forms or schedules. For more information, see page 2 of the *T2 Short Return* and the *T2 Guide*.** For your convenience, this package includes the short version of Schedule 1, a Schedule 8, and a Schedule 50.

### Note

If you need a copy of Guide T4012, *T2 Corporation – Income Tax Guide*, or other schedules, go to [www.cra.gc.ca/forms](http://www.cra.gc.ca/forms) or call **1-800-959-5525**. If you need any additional information that would help you complete this return, call our Business Enquiries line at **1-800-959-5525**.





**CAPITAL COST ALLOWANCE (CCA) (2006 and later tax years)**

Name of corporation	Business Number	Year	Tax year-end Month	Day
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For more information, see the section called "Capital Cost Allowance" in the *T2 Corporation Income Tax Guide*.

Is the corporation electing under Regulation 1101(5q)? **101** 1 Yes  2 No

1 Class number	2 Undepreciated capital cost at the beginning of the year (undepreciated capital cost at the end of the year from column 13 of last year's CCA schedule)	3 Cost of acquisitions during the year (new property must be available for use) <small>(see note 1 below)</small>	4 Net adjustments (show negative amounts in brackets) <small>(see note 2 below)</small>	5 Proceeds of dispositions during the year (amount not to exceed the capital cost)	6 Undepreciated capital cost (column 2 <b>plus</b> column 3 <b>plus</b> or <b>minus</b> column 4 <b>minus</b> column 5)	7 50% rule (1/2 of the amount, if any, by which the net cost of acquisitions exceeds column 5)  <small>(see note 3 below)</small>	8 Reduced undepreciated capital cost (column 6 <b>minus</b> column 7)	9 CCA rate %  <small>(see note 4 below)</small>	10 Recapture of capital cost allowance	11 Terminal loss	12 Capital cost allowance (for declining balance method, column 8 <b>multiplied</b> by column 9, or a lower amount) <small>(see note 5 below)</small>	13 Undepreciated capital cost at the end of the year (column 6 <b>minus</b> column 12)
<b>200</b>	<b>201</b>	<b>203</b>	<b>205</b>	<b>207</b>		<b>211</b>		<b>212</b>	<b>213</b>	<b>215</b>	<b>217</b>	<b>220</b>
1.												
2.												
3.												
4.												
5.												
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8.												
9.												
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- Note 1. Include any property acquired in previous years that has now become available for use. This property would have been previously excluded from column 3. List separately any acquisitions that are not subject to the 50% rule, see Regulation 1100(2) and (2.2).
- Note 2. Include amounts transferred under section 85, or on amalgamation and winding-up of a subsidiary. See the *T2 Corporation Income Tax Guide* for other examples of adjustments to include in column 4.
- Note 3. The net cost of acquisitions is the cost of acquisitions (column 3) **plus** or **minus** certain adjustments from column 4. For exceptions to the 50% rule, see Interpretation Bulletin IT-285, *Capital Cost Allowance – General Comments*.
- Note 4. Enter a rate only if you are using the declining balance method. For any other method (for example the straight-line method, where calculations are always based on the cost of acquisitions), enter N/A. Then enter the amount you are claiming in column 12.
- Note 5. If the tax year is shorter than 365 days, prorate the CCA claim. Some classes of property do not have to be prorated. See the *T2 Corporation Income Tax Guide* for more information.

**Totals**

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Enter the total of column 10 on line 107 of Schedule 1.  
Enter the total of column 11 on line 404 of Schedule 1.  
Enter the total of column 12 on line 403 of Schedule 1.



**SHAREHOLDER INFORMATION (2006 and later tax years)**

Name of corporation	Business Number	Tax year-end	Year	Month	Day
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All private corporations must complete this schedule for any shareholder who holds 10% or more of the corporation's common and/or preferred shares.

<b>Provide only one number per shareholder</b>					
Name of shareholder (after name, indicate in brackets if the shareholder is a corporation, partnership, individual, or trust)	Business Number (If a corporation is not registered, enter "NR")	Social insurance number	Trust number	Percentage common shares	Percentage preferred shares
<b>100</b>	<b>200</b>	<b>300</b>	<b>350</b>	<b>400</b>	<b>500</b>
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					



**Attachments**

**Financial statement information** – Use GIFI schedules 100, 125, and 141.

**Schedules** – Depending on the circumstances, you may need to attach some schedules to this return. Answer the following questions. For each **yes** response, attach the schedule that applies to the *T2 Short Return*.

	Yes	Schedule
Is the net income/loss shown on the financial statements different from the net income or net loss for income tax purposes? . . . . .	<b>201</b> <input type="checkbox"/>	1
(i) Is the corporation including a schedule to show the continuity of losses? or		
(ii) Do you want to carry back the current year's loss to a previous tax year? . . . . .	<b>204</b> <input type="checkbox"/>	4
Has the corporation realized any capital gains or incurred any capital losses during the tax year? . . . . .	<b>206</b> <input type="checkbox"/>	6
Does the corporation have any property that is eligible for capital cost allowance? . . . . .	<b>208</b> <input type="checkbox"/>	8
Is the corporation related to any other corporations? . . . . .	<b>150</b> <input type="checkbox"/>	9
Does the corporation have any property that is eligible capital property? . . . . .	<b>210</b> <input type="checkbox"/>	10
Has the corporation had any transactions, including section 85 transfers, with its shareholders, officers, or employees, other than transactions in the ordinary course of business? Exclude non-arm's-length transactions with non-residents . . . . .	<b>162</b> <input type="checkbox"/>	11
Is the corporation claiming deductible reserves? . . . . .	<b>213</b> <input type="checkbox"/>	13
Has the corporation paid any royalties, management fees, or other similar payments to residents of Canada? . . . . .	<b>164</b> <input type="checkbox"/>	14
Is the corporation claiming a deduction for payments to a type of employee benefit plan? . . . . .	<b>165</b> <input type="checkbox"/>	15
Is the corporation an associated Canadian-controlled private corporation? . . . . .	<b>160</b> <input type="checkbox"/>	23
Does the corporation (private corporations only) have any shareholders who own 10% or more of the corporation's common and/or preferred shares? . . . . .	<b>173</b> <input type="checkbox"/>	50

**Additional information**

Is the corporation inactive? . . . . . **280** 1 Yes  2 No

Specify the principal products mined, manufactured, sold, constructed, or services provided, giving the approximate percentage of the total revenue that each product or service represents.

<b>284</b> _____	<b>285</b> _____ %
<b>286</b> _____	<b>287</b> _____ %
<b>288</b> _____	<b>289</b> _____ %

If the corporation's major business activity is construction, did you have any subcontractors during the tax year? . . . . . **295** 1 Yes  2 No

If this return was prepared by a tax preparer for a fee, provide their EFILE number . . . . . **920** \_\_\_\_\_

**Certification**

I, **950** \_\_\_\_\_ **951** \_\_\_\_\_ **954** \_\_\_\_\_ ,  
 Last name (print) First name (print) Position, office, or rank

am an authorized signing officer of the corporation. I certify that I have examined this return, including accompanying schedules and statements, and that the information given on this return is, to the best of my knowledge, correct and complete. I also certify that the method of calculating income for this tax year is consistent with that of the previous tax year except as specifically disclosed in a statement attached to this return.

**955** \_\_\_\_\_ **956** \_\_\_\_\_  
 Date (yyyy/mm/dd) Signature of an authorized signing officer of the corporation Telephone number

Is the contact person the same as the authorized signing officer? If **no**, complete the information below . . . . . **957** 1 Yes  2 No

**958** \_\_\_\_\_ **959** \_\_\_\_\_  
 Name (print) Telephone number

**Language of correspondence – Langue de correspondance**

Indicate the language of correspondence by entering **1** for English or **2** for French. **990**

Indiquez la langue de correspondance en inscrivant **1** pour anglais ou **2** pour français.

**Privacy statement**

Personal information is collected under the *Income Tax Act* to administer tax, benefits, and related programs. It may also be used for any purpose related to the administration or enforcement of the Act such as audit, compliance and the payment of debts owed to the Crown. It may be shared or verified with other federal, provincial/territorial government institutions to the extent authorized by law. Failure to provide this information may result in interest payable, penalties or other actions. Under the *Privacy Act*, individuals have the right to access their personal information and request correction if there are errors or omissions. Refer to Info Source <http://www.cra-arc.gc.ca/gncy/tp/nfsrc/nfsrc-eng.html>, personal information bank CRA PPU 047.