



**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 (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.

**Note:** It is proposed in draft legislation to amend Part III tax to 60% of the excess dividend, for 2000 and subsequent taxation years.

**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

**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

**Do not use this area**

