



## RESOURCE-RELATED DEDUCTIONS (2006 and later tax years)

Name of corporation	Business Number	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: center; border-bottom: 1px solid black;">Tax year-end</td> <td style="border-bottom: 1px solid black;">Year</td> <td style="border-bottom: 1px solid black;">Month</td> <td style="border-bottom: 1px solid black;">Day</td> </tr> <tr> <td style="border: none;"> </td> <td style="border: none;"> </td> <td style="border: none;"> </td> <td style="border: none;"> </td> </tr> </table>	Tax year-end	Year	Month	Day				
Tax year-end	Year	Month	Day							

- This schedule is for use by corporations claiming resource-related deductions.
- Complete the appropriate parts of this schedule and report the amount you calculate on one of the following lines of Schedule 1:
  - line 340: Canadian development expenses;
  - line 341: Canadian exploration expenses;
  - line 342: Canadian oil and gas property expenses;
  - line 344: depletion; or
  - line 345: foreign exploration and development expenses (line 345 includes specified foreign exploration and development expenses and foreign resource expenses).
- The earned depletion base is defined in Regulation 1205(1), and the mining exploration depletion base is defined in Regulation 1203(2). You will find specific rules for claiming an earned depletion allowance in Regulations 1201 and 1202(2) and a mining exploration depletion allowance in Regulation 1203(1).
- Sections, subsections, and paragraphs referred to on this schedule are from the *Income Tax Act* and the *Income Tax Regulations*.
- For more information, see the *T2 Corporation – Income Tax Guide*.

### Part 1 – Continuity of earned depletion base

	Regular expenses	Successor expenses
Balance at end of previous tax year	<b>101</b>	<b>126</b>
<b>Add:</b> transferred on amalgamation or wind-up of subsidiary*	<b>105</b>	<b>130</b>
<b>Add:</b> transferred other than on amalgamation or wind-up of subsidiary		<b>132</b>
<b>Deduct:</b> transferred on sale of resource property to successor	<b>110</b>	<b>135</b>
Amount available**		
<b>Deduct:</b> claim for the year per Regulation 1202(2)		<b>140</b>
<b>Deduct:</b> claim for the year per Regulation 1201	<b>115</b>	
Closing balance	<b>120</b>	<b>145</b>

\* Earned depletion base transferred on amalgamation or wind-up to which subsections 87(1.2) and 88(1.5) apply should be entered in the "Regular expenses" column if the expenses were regular expenses in the hands of the amalgamating company or the subsidiary being wound up.

\*\* If the amount is negative, enter "0" at lines 115 and 120 and/or lines 140 and 145.

### Part 2 – Continuity of mining exploration depletion base

Balance at end of previous tax year	<b>150</b>	
<b>Add:</b> transferred on amalgamation or wind-up of subsidiary	<b>155</b>	
<b>Add:</b> transferred other than on amalgamation or wind-up of subsidiary	<b>160</b>	
<b>Deduct:</b> transferred on disposal of resource property to successor	<b>165</b>	
Amount available*		
<b>Deduct:</b> claim for the year per Regulation 1203(1)	<b>170</b>	
Closing balance	<b>175</b>	

\* If the amount is negative, enter "0" at lines 170 and 175.

Enter the total of lines 115, 140, and 170 at line 344 of Schedule 1.

**Part 3 – Cumulative Canadian exploration expenses**

	Regular expenses	Successor expenses
Balance at end of previous tax year	200	250
<b>Add:</b> current year expenses excluding expenses incurred under look-back rule	205	
<b>Add:</b> current year expenses under look-back rule [subsection 66(12.66)]	206	
<b>Add:</b> reclassified Canadian development expenses [subsections 66.1(9) and 66.7(9)]	210	255
<b>Add:</b> transferred on amalgamation or wind-up of subsidiary*	215	260
<b>Add:</b> transferred other than on amalgamation or wind-up of subsidiary		265
<b>Add:</b> Canadian renewable and conservation expenses	217	
<b>Add:</b> other additions	220	
<b>Deduct:</b> government assistance and grants	225	
<b>Deduct:</b> other deductions or transfers	230	280
<b>Deduct:</b> transferred on disposition of resource property to successor	240	290
<b>Deduct:</b> current and previous year Canadian exploration expenses renounced in the year pursuant to a flow-through share agreement	243	
<b>Deduct:</b> expenses renounced under look-back rule [subsection 66(12.66)]	244	
Amount available**		
<b>Deduct:</b> current year claim per subsections 66.1(2) or 66.1(3) and 66.7(3)***	245	295
Closing balance	249	299

\* Canadian exploration expenses transferred on amalgamation or wind-up to which subsections 87(1.2) and 88(1.5) apply should be entered in the "Regular expenses" column if the expenses were regular expenses in the hands of the amalgamating company or the subsidiary being wound up.

\*\* If the amount in the "Regular expenses" column is negative, include it as income in the "Other additions" area on page 2 of Schedule 1 and enter "0" at lines 245 and 249 above. If the amount in the "Successor expenses" column is negative, include it as income in the "Other additions" area on page 2 of Schedule 1 and enter "0" at lines 295 and 299 above.

\*\*\* The maximum deduction is the amount available in the "Regular expenses" column plus the lesser of the amount available in the "Successor expenses" column and the amount determined under paragraph 66.7(3)(b), which, in most cases, will be the income attributable to the disposition of successored properties and the production income from successored properties.

Enter the total of lines 245 and 295 at line 341 of Schedule 1.

**Part 4 – Cumulative Canadian development expenses**

	Regular expenses	Successor expenses
Balance at end of previous tax year	300	350
<b>Add:</b> current year expenses excluding expenses incurred under look-back rule	303	
<b>Add:</b> current year expenses under look-back rule [subsection 66(12.66)]	304	
<b>Add:</b> transferred on amalgamation or wind-up of subsidiary*	305	355
<b>Add:</b> transferred other than on amalgamation or wind-up of subsidiary		357
<b>Add:</b> other additions	310	
<b>Deduct:</b> reclassified Canadian exploration expenses [subsections 66.1(9) and 66.7(9)]	315	365
<b>Deduct:</b> government assistance and grants	320	
<b>Deduct:</b> receivable on disposition of underground oil and gas storage rights or mining property	325	
<b>Deduct:</b> credit balance in the cumulative Canadian oil and gas property expense pool	330	380
<b>Deduct:</b> other deductions or transfers	335	385
<b>Deduct:</b> transferred on disposition of resource property to successor	340	390
<b>Deduct:</b> current and previous year Canadian development expenses renounced in the year pursuant to a flow-through share agreement	343	
<b>Deduct:</b> expenses renounced under look-back rule [subsection 66(12.66)]	344	
Amount available**		
<b>Deduct:</b> current year claim [subsections 66.2(2) and 66.7(4)]***	345	395
Closing balance	349	399

\* Canadian development expenses transferred on amalgamation or wind-up to which subsections 87(1.2) and 88(1.5) apply should be entered in the "Regular expenses" column if the expenses were regular expenses in the hands of the amalgamating company or the subsidiary being wound up.

\*\* (i) When the amount available in the "Successor expenses" column is negative and there is no designation under subparagraph 66.7(4)(a)(iii), enter the amount at line 335. However, if a designation under subparagraph 66.7(4)(a)(iii) has been made, enter the negative amount available from the "Successor expenses" column at line 440 in Part 5, "Cumulative Canadian oil and gas property expenses." If this results in a negative amount in the "Regular expenses" column of Part 5, enter the amount at line 330 above. In both instances, enter "0" at lines 395 and 399 above.

(ii) If the amount in the "Regular expenses" column is negative, include it as income in the "Other additions" area on page 2 of Schedule 1 and enter "0" at lines 345 and 349 above.

\*\*\* The maximum deduction is 30% of the amount available in the "Regular expenses" column, plus the lesser of 30% of the amount available in the "Successor expenses" column and the amount determined under paragraph 66.7(4)(b). In most cases, this will be the income attributable to the production income from successored properties. For a tax year of less than 51 weeks, 30% is prorated based on the number of days in the tax year divided by 365.

Enter the total of lines 345 and 395 at line 340 of Schedule 1.

**Part 5 – Cumulative Canadian oil and gas property expenses**

	Regular expenses	Successor expenses
Balance at end of previous tax year	400	450
<b>Add:</b> current year expenses	405	
<b>Add:</b> transferred on amalgamation or wind-up of subsidiary*	410	455
<b>Add:</b> transferred other than on amalgamation or wind-up of subsidiary		460
<b>Add:</b> other additions	415	
<b>Deduct:</b> received or receivable on disposition of Canadian oil and gas property	420	470
<b>Deduct:</b> government assistance and grants	425	
<b>Deduct:</b> transferred on disposition of resource property to successor	435	485
<b>Deduct:</b> other deductions or transfers	440	490
Amount available**		
<b>Deduct:</b> current year claim per subsections 66.4(2) and 66.7(5)***	445	495
Closing balance	449	499

\* Canadian oil and gas property expenses transferred on amalgamation or wind-up to which subsections 87(1.2) and 88(1.5) apply should be entered in the "Regular expenses" column if the expenses were regular expenses in the hands of the amalgamating company or the subsidiary being wound up.

\*\* (i) When the amount available in the "Successor expenses" column is negative and there is no designation under subparagraph 66.7(4)(a)(iii), enter the amount at line 440 and enter "0" at lines 495 and 499. If this results in the amount available in the "Regular expenses" column becoming negative, enter the negative amount at line 380 in Part 4, "Cumulative Canadian development expenses," and enter "0" at lines 445 and 449. If the amount available in the "Successor expenses" column of Part 4 becomes negative, enter the amount at line 335 in Part 4.

When a designation under subparagraph 66.7(4)(a)(iii) has been made, enter the negative amount available from the "Successor expenses" column at line 380 in Part 4, "Cumulative Canadian development expenses," and enter "0" at lines 495 and 499 above. If the amount available in the "Successor expenses" column in Part 4 becomes negative, enter the negative amount at line 440. If this results in a negative amount in the "Regular expenses" column in Part 5, enter the amount at line 330 in Part 4.

(ii) When the amount available in the "Regular expenses" column is negative due to other than (i) above, enter the amount at line 330 in Part 4 and enter "0" at lines 445 and 449 above.

\*\*\* The maximum deduction is 10% of the amount available in the "Regular expenses" column plus the lesser of 10% of the amount available in the "Successor expenses" column and the amount determined under paragraph 66.7(5)(b). In most cases, this will be the income attributable to the production income from successored properties. For a fiscal period of less than 51 weeks, 10% is prorated based on the number of days in the tax year divided by 365.

Enter the total of lines 445 and 495 at line 342 of Schedule 1.

**Part 6 – Foreign exploration and development expenses**

Foreign exploration and development expenses are those incurred outside Canada in a tax year beginning before 2001. If the expenses are specified foreign exploration and development expenses, complete Part 7.

	Regular expenses	Successor expenses
Balance at end of previous tax year	500	550
<b>Add:</b> transferred on amalgamation or wind-up of subsidiary*	510	555
<b>Add:</b> transferred other than on amalgamation or wind-up of subsidiary		560
<b>Deduct:</b> other deductions or transfers	515	565
Amount available**		
<b>Deduct:</b> current year claim per subsections 66(4) and 66.7(2)***	520	570
Closing balance	525	575

\* Foreign exploration and development expenses transferred on amalgamation or wind-up to which subsections 87(1.2) and 88(1.5) apply should be entered in the "Regular expenses" column if the expenses were regular expenses in the hands of the amalgamating company or the subsidiary being wound up.

\*\* If the amount in the "Regular expenses" column is negative, include it as income in the "Other additions" area on page 2 of Schedule 1 and enter "0" at lines 520 and 525 above. If the amount in the "Successor expenses" column is negative, include it as income in the "Other additions" area on page 2 of Schedule 1 and enter "0" at lines 570 and 575 above.

\*\*\* The maximum deduction for regular expenses is the lesser of: (a) the amount available in the "Regular expenses" column; and (b) the greater of foreign-source resource income and 10% of the amount available in the "Regular expenses" column. For successor expenses, the maximum allowable is the lesser of the amount available and foreign-source resource income attributable to successored properties. Foreign-source resource income includes income from oil and gas wells or mines outside Canada and proceeds less applicable expenses and reserves on disposition of foreign resource property. For a fiscal period of less than 51 weeks, 10% is prorated based on the number of days in the tax year divided by 365.

	Regular expenses	Successor expenses
Foreign-source resource income	530	580

**Part 7 – Specified foreign exploration and development expenses**

Specified foreign exploration and development expenses are foreign exploration and development expenses incurred in a tax year beginning before 2001 and that relate to a specific foreign country. The previous year expenses incurred and the current year claim must be sourced to the country to which they relate. If an expense incurred was for two or more countries, determine a reasonable allocation of the expense to each country and maintain that allocation consistently in the following years.

Regular expenses				
Country in which regular expenses were incurred <b>601</b>	A Balance at the end of the previous tax year <b>600</b>	B Amount transferred on amalgamation or wind-up of subsidiary* <b>610</b>	C Other additions <b>611</b>	D Other deductions or transfers <b>615</b>
1				
2				
3				
4				
5				
	E Amount available (A + B + C - D)**	F Current year claim per subsection 66(4)*** <b>620</b>	G Closing balance (E - F) <b>625</b>	H Foreign resource income**** <b>630</b>
1				
2				
3				
4				
5				
				I

Successor expenses				
Country in which successor expenses were incurred <b>651</b>	J Balance at the end of the previous tax year <b>650</b>	K Amount transferred on amalgamation or wind-up of subsidiary <b>655</b>	L Amount transferred other than on amalgamation or wind-up of subsidiary <b>660</b>	M Other deductions or transfers <b>665</b>
1				
2				
3				
4				
5				
	N Amount available (J + K + L - M)**	O Current year claim per subsection 66.7(2)*** <b>670</b>	P Closing balance (N - O) <b>675</b>	Q Foreign resource income <b>680</b>
1				
2				
3				
4				
5				
				R

\* Foreign exploration and development expenses transferred on amalgamation or wind-up to which subsections 87(1.2) and 88(1.5) apply should be entered in column B if the expenses were regular expenses in the hands of the amalgamating company or the subsidiary being wound up.

\*\* If an amount in column E is negative, include it as income in the "Other additions" area on page 2 of Schedule 1, and enter "0" at lines 620 and 625 above. If an amount in column N is negative, include it as income in the "Other additions" area on page 2 of Schedule 1, and enter "0" at lines 670 and 675 above.

\*\*\* (i) The maximum deduction for regular expenses is the lesser of:

- a) the total of all amounts available in column E; and
  - b) the greater of the total of all amounts in column H and 10% of the total of all amounts available in column E (for a fiscal period of less than 51 weeks, 10% is prorated based on the number of days in the tax year divided by 365).
- The deduction claimed must be allocated to a particular country according to subsection 66(4.2).

(ii) The maximum deduction for successor expenses is the lesser of:

- a) the total of all amounts available in column N; and
- b) the total of all amounts in column Q attributable to successored properties [foreign resource income is calculated according to paragraph 66.7(2)(b)].

The deduction claimed must be allocated to a particular country according to subsection 66.7(2.2).

\*\*\*\* The amount in column H is the excess of foreign resource income over the amount claimed under subsections 66.7(2) and 66.7(2.3).

**Part 8 – Cumulative foreign resource expenses**

Foreign resource expenses are those that relate to a country other than Canada and that have been incurred in a tax year beginning after 2000. This expense and its cumulative pool must be determined for each foreign country to which an expense relates. If an expense relates to two or more countries, determine a reasonable allocation of the expense to each country.

Regular expenses				
Country in which regular expenses were incurred <b>701</b>	AA Balance at the end of the previous tax year <b>700</b>	BB Current year expenses <b>705</b>	CC Amount transferred on amalgamation or wind-up of subsidiary* <b>710</b>	DD Other additions <b>711</b>
1				
2				
3				
4				
5				
EE Other deductions or transfers <b>715</b>	FF Amount available (AA + BB + CC + DD - EE)** <b>720</b>	GG Current year claim per subsection 66.21(4)*** <b>720</b>	HH Closing balance (FF - GG) <b>725</b>	II Foreign resource income (loss)**** <b>730</b>
1				
2				
3				
4				
5				
<b>JJ</b>				

Successor expenses				
Country in which successor expenses were incurred <b>751</b>	KK Balance at the end of the previous tax year <b>750</b>	LL Amount transferred on amalgamation or wind-up of subsidiary <b>755</b>	MM Amount transferred other than on amalgamation or wind-up of subsidiary <b>760</b>	NN Other deductions or transfers <b>765</b>
1				
2				
3				
4				
5				
OO Amount available (KK + LL + MM - NN)** <b>770</b>	PP Current year claim per subsection 66.7(2.3)*** <b>770</b>	QQ Closing balance (OO - PP) <b>775</b>	RR Foreign resource income (loss) <b>780</b>	
1				
2				
3				
4				
5				
<b>SS</b>				

\* Foreign resource expenses transferred on amalgamation or wind-up to which subsections 87(1.2) and 88(1.5) apply should be entered in column CC if the expenses were regular expenses in the hands of the amalgamating company or the subsidiary being wound up.

\*\* If an amount in column FF is negative, include it as income in the "Other additions" area on page 2 of Schedule 1, and enter "0" at lines 720 and 725 above. If an amount in column OO is negative, include it as income in the "Other additions" area on page 2 of Schedule 1, and enter "0" at lines 770 and 775 above.

\*\*\* (i) The maximum deduction for regular expenses is the total of A and B where:

A = the greater of: (i) 10% of the amount available in column FF; and (ii) the least of the following amounts: (a) 30% of the amount available in column FF; (b) the foreign resource income for the particular country in column II calculated according to subparagraph 66.21(4)(a)(ii); or (c) the total of all amounts in column II. For a fiscal period of less than 51 weeks, 10% and 30% are prorated based on the number of days in the tax year divided by 365.

B = the lesser of: (i) the amount in column FF minus the amount A above; and (ii) the global foreign resource limit for the year designated for that country.

(ii) The maximum deduction for successor expenses is the lesser of:

a) 30% of the amount available in column OO (for a fiscal period of less than 51 weeks, 30% is prorated based on the number of days in the tax year divided by 365); and

b) the foreign resource income in column RR attributable to successored properties [foreign resource income is calculated according to paragraph 66.7(2.3)(b)].

\*\*\*\* Column II is the excess of foreign resource income over the total of any amount designated under subparagraph 59(1)(b)(ii) and claimed under subsections 66(4), 66.7(2), and 66.7(2.3).

Enter the total of lines 520 and 570 from Part 6, lines I and R from Part 7, and lines JJ and SS from Part 8 at line 345 of Schedule 1.