



CREDIT UNION DEDUCTIONS (2007 and later tax years)

| | | | | | |
|--------------------------|-----------------|---|--------------|--------------------------|--|
| Name of corporation | Business Number | <table style="width:100%; border-collapse: collapse;"> <tr> <td style="text-align: center;">Tax year-end</td> </tr> <tr> <td style="text-align: center;">Year Month Day</td> </tr> <tr> <td style="text-align: center;"> </td> </tr> </table> | Tax year-end | Year Month Day | |
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| | | | | | |

- For use by a credit union to calculate the deduction from income for bonus interest payments and payments pursuant to allocations in proportion to borrowing under subsection 137(2) of the *Income Tax Act* (ITA). You can also use it to calculate the additional deduction from Part I tax payable under subsection 137(3) of the ITA.
- The expressions "allocation in proportion to borrowing" and "bonus interest payment" are defined in subsection 137(6) of the ITA.
- Bonus interest payments and payments pursuant to allocations in proportion to borrowing are deductible if paid to the credit union's members within the year, or within the following 12 months, if these payments were not deductible under subsection 137(2) of the ITA in calculating the income of the credit union for the immediately previous tax year.
- For more information, see Guide T4012, *T2 Corporation Income Tax Guide*.
- Attach additional schedules if there is not enough space.

Part 1 - Allocations in proportion to borrowing claimed as a deduction for the tax year

| Interest payable by all members of class | Amount of money borrowed by all members of class | Allocation in proportion to borrowing |
|--|--|---------------------------------------|
| 100 | 200 | 300 |
| 1. | | |
| 2. | | |
| 3. | | |
| 4. | | |
| 5. | | |
| Total | | 305 |

Part 2 - Bonus interest payments claimed as a deduction for the tax year

| Interest payable to all members of class | Amount of money on deposit by all members of class | Bonus interest payments |
|--|--|-------------------------|
| 110 | 210 | 310 |
| 1. | | |
| 2. | | |
| 3. | | |
| 4. | | |
| 5. | | |
| Total | | 315 |

Total of lines 305 and 315 _____ **A**

Enter amount A on line 315 of Schedule 1, *Net Income (Loss) for Income Tax Purposes*.

Part 3 - Additional deduction

| | | | | | |
|---|---------------------------------------|---|---------|------------|---|
| Taxable income for the year (from line 360 of the <i>T2 Corporation Income Tax Return</i>) | 500 | | B | | |
| 4/3 x maximum cumulative reserve at the end of the tax year | 600 | | | | |
| Minus: Preferred rate amount at the end of the previous tax year (amount H below) | | | | | |
| | Total (if negative, enter "0") | | C | | |
| Amount B or C, whichever is less | | | D | | |
| Minus: Amount on line 400, 405, 410, or 425 on page 4 of the T2 return, whichever is the least | 625 | | | | |
| | Total (if negative, enter "0") | | E | | |
| | | | | | |
| Amount E | x | $\frac{\text{Number of days in the tax year before January 1, 2008}}{\text{Number of days in the tax year}}$ | x 16% = | | F |
| Amount E | x | $\frac{\text{Number of days in the tax year after December 31, 2007}}{\text{Number of days in the tax year}}$ | x 17% = | | G |
| Additional deduction (add amounts F and G) | | | | 650 | |

Enter the amount from line 650 on line 628 of the T2 return.

Part 4 - Preferred rate amount at the end of the tax year

| | | | |
|---|------------|--|-----|
| Preferred rate amount at the end of the previous tax year | 700 | | |
| Preferred rate amount transferred on amalgamation/wind-up | 750 | | |
| Subtotal (add lines 700 and 750) | | | ▶ H |
| 25/4 x the small business deduction for the year (line 430 of the T2 return) | | | I |
| 25/4 x the additional deduction for credit unions (line 650 above) | | | J |
| Preferred rate amount at the end of the tax year (add amounts H, I, and J) | 800 | | |