



**NEWFOUNDLAND AND LABRADOR CAPITAL TAX ON FINANCIAL INSTITUTIONS  
(2008 and later tax years)**

Name of corporation	Business Number	<table style="width:100%; border-collapse: collapse;"> <tr> <td style="border-bottom: 1px solid black; width: 10%; text-align: center;">Year</td> <td style="border-bottom: 1px solid black; width: 10%; text-align: center;">Tax year-end Month</td> <td style="border-bottom: 1px solid black; width: 10%; text-align: center;">Day</td> </tr> </table>	Year	Tax year-end Month	Day
Year	Tax year-end Month	Day			

- For use by corporations that are financial institutions with a permanent establishment (as defined in the federal *Income Tax Regulations*) at any time in the tax year in the province of Newfoundland and Labrador, including off-shore areas, and that are liable to pay tax on their capital for tax years starting after October 31, 2008.
- Subsection 66.1(1) of the Newfoundland and Labrador *Income Tax Act* defines the term "financial institution".
- You have to complete Schedule 38, *Part VI Tax on Capital of Financial Institutions*, in order to complete this schedule. File these two completed schedules with the *T2 Corporation Income Tax Return* within six months of the end of the tax year.

**Part 1 – Newfoundland and Labrador taxable capital in excess of capital deduction for the year**

Capital for the year (amount from line 190 or 290 of Schedule 38) .....	<b>110</b>	A
<b>Deduct:</b> Capital deduction claimed for the year* .....	<b>120</b>	B
Excess amount (if negative, enter "0") .....		C

If the corporation has a permanent establishment only in Newfoundland and Labrador, including off-shore areas, enter amount C on line J. Otherwise, complete the following:

If the corporation is a loan corporation, a trust corporation, or a trust and loan corporation:

$$\frac{\text{Line 143 plus line 144 of Schedule 5}}{\text{Line 169 of Schedule 5}} = \text{ } \% \text{ D}$$

$$\text{Amount C} \times \text{Percentage on line D} \% = \text{ } \text{E}$$

Enter amount E on line J.

If the corporation is a bank:

$$\frac{\text{Line 103 plus line 104 of Schedule 5}}{\text{Line 129 of Schedule 5}} = \text{ } \% \text{ F}$$

$$\frac{2 \times (\text{line 143 plus line 144 of Schedule 5})}{\text{Line 169 of Schedule 5}} = \text{ } \% \text{ G}$$

$$\text{Add percentages F and G} \% \times 1/3^{**} = \text{ } \% \text{ H}$$

$$\text{Amount C} \times \text{Percentage on line H} \% = \text{ } \text{I}$$

Enter amount I on line J.

Amount C, E, or I (whichever applies) .....		J
---------------------------------------------	--	---

<b>Deduct:</b> Investments in related financial institutions as determined under section 66.4 of the Newfoundland and Labrador <i>Income Tax Act</i> .....	<b>125</b>	K
------------------------------------------------------------------------------------------------------------------------------------------------------------	------------	---

<b>Newfoundland and Labrador taxable capital in excess of capital deduction for the year</b> .....	<b>130</b>	L
(amount J minus amount K)		

\* Enter \$5,000,000 or, for related corporations, the amount allocated on Schedule 306, *Newfoundland and Labrador Capital Tax on Financial Institutions – Agreement Among Related Corporations*, if the capital of the corporation (amount A) or the combined capital of the corporation and its related financial institutions is \$10,000,000 or less. Otherwise, enter zero.

\*\* If line 129 of Schedule 5, *Tax Calculation Supplementary – Corporations*, is blank or zero, multiply by 1/2 instead of 1/3. If line 169 of Schedule 5 is blank or zero, do not multiply by anything.

**Part 2 – Newfoundland and Labrador capital tax on financial institutions**

Newfoundland and Labrador capital tax on financial institutions .....		M
Amount L $\times 4\% =$		

For a tax year less than 51 weeks:

$$\text{Amount M} \times \frac{\text{Number of days in the tax year}}{365} = \text{ } \text{N}$$

<b>Newfoundland and Labrador capital tax on financial institutions</b> (amount M or amount N, whichever applies) .....	<b>150</b>	O
------------------------------------------------------------------------------------------------------------------------	------------	---

Enter amount O on line 518 of Schedule 5, *Tax Calculation Supplementary – Corporations*. Amount O may be deducted in calculating net income for federal income tax purposes.