



**PART II – TOBACCO MANUFACTURERS' SURTAX
(2007 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> </tr> <tr> <td style="text-align: center; border-bottom: 1px solid black;">Year Month Day</td> </tr> <tr> <td style="border-bottom: 1px solid black;"> </td> </tr> </table>	Tax year-end	Year Month Day	
Tax year-end					
Year Month Day					

- Use this schedule to report the tobacco manufacturers' surtax.
- Tobacco manufacturing is any activity, other than an exempt activity as defined in subsection 182(2) of the *Income Tax Act*, relating to the manufacture or processing in Canada of tobacco or tobacco products in or into any form that is, or would after any further activity become, suitable for smoking.
- File the completed Schedule 46 with the *T2 Corporation Income Tax Return* within six months from the end of the tax year.
- Do not file Schedule 46 if the corporation is a Canadian-controlled private corporation and the total of its income from active businesses (before deducting its losses from active businesses) is less than its business limit.
- Calculating the tobacco manufacturers' surtax is done in two steps.

STEP 1

$$\left(\left[\text{100} \text{ _____ } \times \text{105} \text{ _____} \right] - \text{115} \text{ _____} \right) \times 21\% = \text{_____ A}$$

Where:

- 100** is the corporation's Canadian manufacturing and processing profits for the year as calculated in Part 2 of Schedule 27, except when the corporation has loss(es) from active business(es) other than tobacco manufacturing. If a corporation's loss(es) from active business(es) other than tobacco manufacturing exceeds its income from active business(es) other than tobacco manufacturing, the excess must be added back to determine the adjusted business income.
- 105** is the total of the corporation's "tobacco manufacturing capital" and "tobacco labour cost" for the year. These two amounts can be calculated on Schedule 27. The amounts are calculated in the same manner as "manufacturing and processing capital" (Part 5) and "manufacturing and processing labour" (Part 7), but replace the term **manufacturing or processing** with **tobacco manufacturing** in the definition of "qualified activities."
- 110** is the total of the corporation's cost of manufacturing and processing capital (MC) for the year and its cost of manufacturing and processing labour (ML) for the year. These two amounts are calculated on Schedule 27.
- 115** is the corporation's business limit for the year. If the corporation is not a Canadian-controlled private corporation, this amount is nil.

STEP 2

Part II – tobacco manufacturers' surtax payable (amount from line A multiplied by 50%) **120** _____
 Enter this amount at line 708 on page 8 of your T2 return.