



PART III.1 TAX ON EXCESSIVE ELIGIBLE DIVIDEND DESIGNATIONS (2006 and later tax years)

Name of corporation, Business Number, Tax year-end (Year, Month, Day)

- Every corporation resident in Canada that pays a taxable dividend...
• Canadian-controlled private corporations (CCPC) and deposit insurance corporations (DIC) must complete Part 1...
• Every corporation that has paid an eligible dividend must also file Schedule 53...
• File the completed schedules with your T2 Corporation Income Tax Return no later than six months from the end of the tax year.
• All legislative references on this schedule are to the federal Income Tax Act.
• Subsection 89(1) defines the terms eligible dividend, excessive eligible dividend designation, general rate income pool (GRIP), and low rate income pool (LRIP).
• The calculations in Part 1 and Part 2 do not apply if the excessive eligible dividend designation arises from the application of paragraph (c) of the definition of excessive eligible dividend designation in subsection 89(1).

Do not use this area

Part 1 – Canadian-controlled private corporations and deposit insurance corporations

Total taxable dividends paid in the tax year 100
Total eligible dividends paid in the tax year 150 A
GRIP at the end of the tax year (line 590 on Schedule 53) (if negative, enter "0") 160 B
Excessive eligible dividend designation (line 150 minus line 160) C
Deduct: Excessive eligible dividend designations elected under subsection 185.1(2) to be treated as ordinary dividends* 180 D
Subtotal (amount C minus amount D) E
Part III.1 tax on excessive eligible dividend designations – CCPC or DIC (amount E multiplied by 20%) 190 F
Enter the amount from line 190 on line 710 of the T2 return.

Part 2 – Other corporations

Total taxable dividends paid in the tax year 200
Total excessive eligible dividend designations in the tax year (amount from line A of Schedule 54) G
Deduct: Excessive eligible dividend designations elected under subsection 185.1(2) to be treated as ordinary dividends* 280 H
Subtotal (amount G minus amount H) I
Part III.1 tax on excessive eligible dividend designations – Other corporations (amount I multiplied by 20%) 290 J
Enter the amount from line 290 on line 710 of the T2 return.

* You can elect to treat all or part of your excessive eligible dividend designation as a separate taxable dividend in order to eliminate or reduce the Part III.1 tax otherwise payable. You must file the election on or before the day that is 90 days after the day the notice of assessment for Part III.1 tax was sent. We will accept an election before the assessment of the tax. For more information on how to make this election, go to www.cra.gc.ca/eligibledividends.