



Canada Revenue
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Guide for the Partnership Information Return (T5013 Forms) 2016

Available electronically only



CANADA 150

Is this guide for you?

This guide provides general information on how to fill out the partnership information return, its related schedules and forms, and the T5013 slips and summary for the partners that are members of the partnership.

The partnership information return is used to report any fiscal data about the allocation of net income, losses, and other amounts from the partnership's activities to its members. It is also used by specified investment flow-through (SIFT) partnerships to calculate the tax payable under Part IX.1.

Income Tax Folio S4-F16-C1, *What is a Partnership?* can help you determine if your arrangement is a partnership. As noted in that Folio, the existence of a partnership must be determined by reference to the partnership law of the relevant province or territory.

For the purposes of this guide, the partnership information return includes the:

- Form T5013FIN, *Partnership Financial Return* and the 14 related schedules; and
- Form T5013SUM, *Summary of Partnership Income* and Form T5013, *Statement of Partnership Income*.

In this guide, the Canada Revenue Agency is designated by the acronym "CRA."

Confidentiality of information

Under the *Privacy Act*, the information you provide on the partnership information return and related forms and schedules can be used only for the purposes authorized by law.

Legislative references

In this guide and on the partnership forms, all legislative references (parts, sections, subsections, paragraphs and subparagraphs) are to the federal *Income Tax Act* (the Act) and *Income Tax Regulations* (Regulations) unless otherwise noted.

The legislation can be viewed online at the Justice Canada website at laws.justice.gc.ca/eng.

The information in this guide does not replace the provisions of the Act and Regulations.

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La version française de ce guide est intitulée *Guide pour la déclaration de renseignements des sociétés de personnes* (formulaires T5013).

What's new?

We list the service enhancements and major changes below, including announced income tax changes that were not law when this guide was published. If they become law as proposed, they will be effective for 2016 or as of the dates given.

New code for Box 002 of Form T5013, Statement of Partnership Income

As of January 1, 2017, a new code is implemented for Box 002 of Form T5013, *Statement of Partnership Income*, and for line 106 of Form T5013 SCH 50, *Partner's Ownership and Account Activity – Schedule 50*. The new code “6” is entered in Box 002 for a retired member paid under subsection 96(1.1). For more information, see “Partner code for retired partner” on page 56.

Multiplication of the small business deduction

The small business deduction includes rules that are intended to preclude the multiplication of access to the deduction. Budget 2016 proposes to include changes to address concerns about partnership and corporate structures that multiply access to the small business deduction.

This proposed measure will apply to taxation years that begin on or after March 22, 2016. However, an actual member of a partnership will be entitled to notionally assign all or a portion of the member's specified partnership income (SPI) limit in respect of their taxation year that begins before and ends on or after March 22, 2016. For more information, see “Multiplication of the small business deduction” on page 13.

Transfers of life insurance policies

Budget 2016 proposes to amend the Act to ensure that amounts are not inappropriately received tax-free by a policyholder as a result of a disposition of an interest in a life insurance policy. In general, this proposed measure will apply to dispositions that occur on or after March 22, 2016. This tax measure may have an impact on the calculation of the adjusted cost base of an interest in a partnership.

Debt parking to avoid foreign exchange gains

Budget 2016 proposes rules so that any accrued foreign exchange gains on a foreign currency debt will be realized when the debt becomes a parked obligation. Exceptions to these rules provide that a foreign currency debt does not become a parked obligation in the context of certain *bona fide* commercial transactions. Also, related rules provide relief to financially-distressed debtors.

This proposed measure will apply to a foreign currency debt that meets the conditions to become a parked obligation on or after March 22, 2016. This measure will not apply if these conditions are met before 2017 and are a result of a written agreement entered into before March 22, 2016.

Extension of the back-to-back rules

The Act contains “back-to-back loan” rules that prevent taxpayers from interposing a third party between a Canadian borrower and a foreign lender in an attempt to avoid the application of rules that would otherwise apply if a loan were made directly between the two taxpayers. In particular, the back-to-back loan rules in Part XIII of the Act ensure that the amount of withholding tax in respect of a cross-border interest payment cannot be reduced through the use of a back-to-back arrangement. Budget 2016 proposes to build on the existing back-to-back loan rules.

Back-to-back rules for rents, royalties and similar payments

Budget 2016 proposes to extend the basic concepts of the back-to-back loan rules under Part XIII to royalty payments. Similar to the existing back-to-back loan rules in Part XIII, the proposed rules for royalties will consider two arrangements to form a back-to-back arrangement if they are sufficiently connected. This proposed measure will apply to royalty payments made after 2016.

Extension of the back-to-back shareholder loan rules

To address the use of back-to-back arrangements to circumvent the shareholder loan rules, Budget 2016 proposes to amend the shareholder loan rules to include rules that are similar to the existing back-to-back loan rules, except that the proposed rules will apply to debts owing to Canadian-resident corporations rather than debts owing by Canadian-resident taxpayers. This proposed measure will apply to back-to-back shareholder loan arrangements as of March 22, 2016. For back-to-back shareholder loan arrangements that are in place on March 22, 2016, the deemed indebtedness will be deemed to have become owing on March 22, 2016.

Eligible capital property

As of January 1, 2017, Budget 2016 repeals the eligible capital property regime and replaces it with a new capital cost allowance class available to businesses. The Budget also provides transitional rules. Under the old regime, eligible capital expenditures are added to the cumulative eligible capital pool at a 75% inclusion rate, and the rate of depreciation of those expenditures is 7% on a declining-balance basis. Under the new regime, newly-acquired eligible properties will be included in a new CCA class (class 14.1) at a 100% inclusion rate with a 5% capital cost allowance rate on a declining-balance basis.

For each taxation year that ends prior to 2027, additional deductions for CCA will be allowed for property acquired before January 1, 2017 **and** included in class 14.1. Also, a separate business deduction will be provided for

incorporation expenses incurred after 2016, such that the first \$3,000 of the expenses will be treated as a current expense rather than being added to the new class 14.1.

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Chapter 1 – General information

In this guide, we refer to income tax folios, Interpretation Bulletins (ITs), and Information Circulars (ICs) that we publish to give you more technical information.

Many of our publications, including forms, schedules, ITs, and ICs, are available at cra.gc.ca/forms. A list of forms, by number, is provided in Appendix C on pages 81 and 82 of this guide.

Who has to file a partnership information return?

Under subsection 229(1) of the Regulations, all partnerships that carry on business in Canada or are Canadian partnerships or specified investment flow-through (SIFT) partnerships must file a partnership information return. However, under CRA administrative policy, certain partnerships that carry on business in Canada or are Canadian partnerships are not required to file a partnership information return.

For more information on SIFT partnerships, see pages 12 and 88.

Partnerships that carry on business in Canada and Canadian partnerships – A partnership that carries on a business in Canada, or a Canadian partnership with Canadian or foreign operations or investments, **must file** a return if:

- at the end of the fiscal period, the partnership has an **absolute value** of revenues plus an absolute value of expenses of more than \$2 million*, or has more than \$5 million in assets**; or
- at any time during the fiscal period:
 - the partnership is a tiered partnership (has another partnership as a partner or is itself a partner in another partnership);
 - the partnership has a corporation or a trust as a partner;
 - the partnership invested in flow-through shares of a principal – business corporation that incurred Canadian resource expenses and renounced those expenses to the partnership; or
 - the minister of National Revenue requests one in writing.

Notes

* The absolute value of a number refers to the numerical value of the number without regard to its positive or negative sign. To determine if a partnership exceeds the \$2 million threshold, add total worldwide expenses to total worldwide revenues rather than subtract expenses from revenues as you would to determine net income.

** The cost figure of all assets worldwide, both tangible and intangible, without taking into account the depreciated amount should be used to determine whether a partnership meets the “more than \$5 million in assets” criterion.

The forms T5013FIN, SCH 1, SCH 50, SCH 100, SCH 125, SCH 140 (if applicable) and SCH 141 as well as T5013 slips and T5013SUM are the mandatory forms. However, SCH 141 is not mandatory for investment clubs only.

Example 1 – Partnership (WXYZ) that has more than \$2 million in absolute value of revenues and expenses
WXYZ is a Canadian partnership with five members who are all individuals. Each member has a 20% interest in the partnership.

For the fiscal period ending December 31, 2016, WXYZ had \$1.5 million of revenue, \$1.25 million in expenses and net income of \$250,000. The partnership’s total of assets is \$2 million before depreciation. The partnership allocated \$50,000 net income to each partner under the partnership agreement.

WXYZ **has to file** a return and give each partner a T5013 slip because the absolute value of revenues (\$1.5 million) and expenses (\$1.25 million) is more than \$2 million.

Example 2 – Partnership (ABCD and Phoebe Properties) that is a tiered partnership

ABCD is a Canadian partnership with two members: Mr. Sawyer and Phoebe Properties. Each partner has a 50% interest in ABCD. Phoebe Properties is itself a partnership carrying on a business in Canada.

For the fiscal period ending December 31, 2016, ABCD had \$950,000 in revenue and \$400,000 in expenses for a net profit of \$550,000. The partnership allocated \$275,000 net income to each partner under the partnership agreement.

ABCD **has to file** a return and give each partner a T5013 slip because one of its two partners is a partnership.

Phoebe Properties has four members who are all individuals. Each partner has a 25% interest in the partnership.

For the fiscal period ending December 31, 2016, the business operated by Phoebe Properties had \$1 million in revenue, \$600,000 in expenses and net income of \$400,000. It allocated \$168,750 to each partner under the partnership agreement (\$68,750 from ABCD plus \$100,000 from Phoebe Properties).

Phoebe Properties **has to file** its own return because it is a partner in another partnership.

Example 3 – Partnership (EFGH) that has a corporation (or a trust) as a member

EFGH is a Canadian partnership with three members: Newmarket Maple Inc., ABCD Trust, and Mr. Tondo. Mr. Tondo has a 50% interest, and the other two partners each have a 25% interest in EFGH. Newmarket Maple Inc. is a corporation carrying on a business in Canada.

For the fiscal period ending December 31, 2016, EFGH had a net income of \$1,350,000. The partnership allocated \$675,000 to Mr. Tondo and \$337,500 to each of the other partners under the partnership agreement.

EFGH **has to file** a return and give each partner a T5013 slip because the partners include a corporation and a trust.

Example 4 – Partnership (Beta Hand Crafts) that is not a tiered partnership, has \$2 million or less in absolute value of revenues and expenses, and less than \$5 million in assets

Beta Hand Crafts is a new Canadian partnership with 10 members who are all individuals. Each member has a 10% interest in the partnership.

For its first fiscal period ending December 31, 2016, Beta Hand Crafts had \$750,000 in revenue, \$500,000 in expenses and net income of \$250,000. The total of assets is \$1.5 million before depreciation. It allocated \$25,000 to each partner under the partnership agreement.

Beta Hand Crafts **does not have to file** a return because the absolute value of its revenues and expenses (\$1,250,000) does not exceed the \$2 million threshold, it does not have more than \$5 million in assets, is not a tiered partnership, does not have corporations or trusts as partners, and has not invested in flow-through shares of a principal – business corporation that incurred Canadian resource expenses and renounced those expenses to the partners.

Beta Hand Crafts has two options for advising its 10 partners of their share of net income:

Option 1: Beta Hand Crafts can give each of its partners a copy of its financial statements for the fiscal period.

Option 2: Beta Hand Crafts can fill out a return voluntarily and allocate \$25,000 to each partner on a T5013 slip.

Limited partnerships that invested in flow-through shares – A limited partnership may have invested in the following:

- **only** in flow-through shares; or
- in flow-through shares **and** also in other property.

In each of the above situations, the partnership **must file** a return for the applicable fiscal period.

As a result of the partnership's investment in flow-through shares, the partnership may or may not have the following renunciations to allocate to the partners:

- renounced resource expenses;
- reductions to the amounts previously renounced; and
- amounts of assistance.

Nominees and agents who hold an interest in a partnership for another person

Requirement to file – Every person who holds an interest in a partnership as a nominee or agent for another person has to fill out and file with the CRA a **separate** T5013SUM and the related T5013 slips for **each** partnership in which an interest is held for another person.

Reference
Regulation 229(3)

Investor's slips – The information on required slips T5013, *Statement of Partnership Income*, the nominee or agent issues to their investors **must** reconcile with the information provided on the T5013 slips the partnership issued to the nominee or agent.

Forms nominees or agents have to file

The following prescribed forms and information must be filed with the CRA:

- Form T5013SUM, *Summary of Partnership Income*; and
- a copy of all the T5013 slips issued by the nominee or agent to each person (investor) for whom the nominee or agent holds an interest.

For more information about filing information returns electronically, go to cra.gc.ca/iref.

Responsibility for filing

Once you determine that your partnership has to file a return, **each member** of the partnership is responsible for making sure that a return is filed for each fiscal period of the partnership.

You need to file only one return for each fiscal period of the partnership. Any partner can file on behalf of the other partners. The partner who is filing the return on behalf of all the members of the partnership is the **authorized partner**. Once a partner files a return, we consider all partners to have filed it.

Reference
Regulations 229(1) and 229(2)

Important reporting information that partners should know

If the partnership has to file a return, the partners have to use the information from the T5013 slips issued by the partnership to report their share of partnership income or loss on their income tax or partnership information returns.

Note

If the partnership does not have to file a return, the partners have to use the information from the partnership's financial statements to report their share of the partnership's income or loss on their income tax return.

The partners use the information on the T5013 slips to prepare the following returns:

Individuals – T1, *Income Tax and Benefit Return*;

Corporations – T2, *Corporation Income Tax Return*;

Trusts – T3, *Trust Income Tax and Information Return*; and

Partnerships – T5013 *Partnership Financial Return*.

Note

Partnership income or loss allocated to the partners (for example, business, rental, or investment income) keeps its source identity. For example, dividend income earned by a partnership is dividend income for the partners. The T5013 slip follows the principle of keeping the source identity of the income.

Individuals – Partners who are individuals have to calculate the income and expenses from their business activities by using one or more of the forms listed below that apply to them:

T2125 *Statement of Business or Professional Activities*

T2121 *Statement of Fishing Activities*

T2042 *Statement of Farming Activities*

Participation in AgriStability and AgriInvest programs:

For farming activities in **Quebec**, individuals should contact their provincial AgriStability and AgriInvest Program Administration in Quebec.

For farming activities in **Alberta, Prince Edward Island, and Ontario**, use forms:

T1163 *Statement A – AgriStability and AgriInvest Program Information and Statement of Farming Activities for Individuals*

T1164 *Statement B – AgriStability and AgriInvest Program Information and Statement of Farming Activities for Additional Farming Operations*

For farming activities in **British Columbia, Saskatchewan, Manitoba, New Brunswick, Nova Scotia, Newfoundland and Labrador**, and the **Yukon**, use forms:

T1273 *Statement A – Harmonized AgriStability and AgriInvest Program Information and Statement of Farming Activities for Individuals*

T1274 *Statement B – Harmonized AgriStability and AgriInvest Program Information and Statement of Farming Activities for Additional Farming Operations*

If the partnership has non-business rental income or loss from property, we encourage partners who are individuals to use the following form to report their share of that income or loss:

T776 *Statement of Real Estate Rentals*

If partners also own other rental properties as proprietors, they will have to combine their share of partnership rental income or loss with the total of their own rental income or loss after expenses, but before capital cost allowance (CCA). The partner may then claim CCA on their own rental properties (subject to the fixed rates) only to the extent of the combined net rental income, if any.

If the partnership is a tax shelter, a partner who is an individual (other than a trust) has to use the following form to claim any loss or an expense for the year from the tax shelter:

T5004 *Claim for Tax Shelter Loss or Deduction*

Partner's reporting responsibilities for Examples 1, 2, 3, and 4 on pages 7 and 8:

- Partners who are **individuals** have to fill out Form T2125, *Statement of Business or Professional Activities*, using the information from the financial statements or the T5013 slip(s) received from the partnership(s), and follow the instructions provided in Guide T4002, *Business and Professional Income*. Partners that are individuals who

receive a T5013 slip have to attach it to their T1, *Income Tax and Benefit Return*.

- Partners that are **trusts** can choose to use Form T2125. Partners that are trusts who choose not to use this form have to include a copy of the T5013 slip with their T3, *Trust Income Tax and Information Return*.
- Partners that are **partnerships** have to file a partnership information return and provide T5013 slips to their members.
- Partners that are **corporations** have to use the general index of financial information (GIFI) to report their financial information. Partners that are corporations have to file a copy of the T5013 slip(s) received with their T2, *Corporation Income Tax Return*.

Partnerships that do not have to file a partnership information return

Status Indians – When all members of a partnership are status Indians, and the partnership earns all its income at its permanent establishment on a reserve, the partnership does not have to file a return.

If the partnership has any income earned off the reserve and the income is not exempt from tax, the partnership may have to file a return. To determine if you need to file a return, go to cra.gc.ca/partnership

Reference

Paragraph 1 in Special Release Interpretation Bulletins IT-397, *Amounts Excluded from Income – Statutory Exemptions and Certain Service or RCMP Pensions, Allowances and Compensation*

Investment clubs on the modified-partnership basis

Requirement to file – An investment club on the modified-partnership basis that meets any of the filing criteria has to file a return. For more information on the filing criteria, see “Who has to file a partnership information return?” on page 7.

An investment club on the modified-partnership basis that does not meet any of these filing criteria does not have to file a return.

Reporting income – In fact, a club receives investment income on behalf of its members which must be included in calculating the income of each member on a calendar-year basis. On the modified-partnership basis, a club and its members are treated as if each member owned a partnership interest in the club instead of an undivided interest in each asset of the club. This modified-partnership basis permits the determination of capital gains and losses at the club level as if the club were a partnership itself owning the property and realizing capital gains and losses thereon. These gains or losses, together with any other income such as dividends or interest, are allocated in some reasonable manner amongst the members in the year in which they are received by the club.

Reference

Information Circular IC73-13, *Investment Clubs* and its Special Release

Information reporting of tax avoidance transactions

Taxpayers, advisors, and promoters who engage in certain tax avoidance transactions have to follow the new reporting requirements. For the purposes of these new requirements, taxpayers include individuals, corporations, trusts and partnerships.

The new measures apply to certain avoidance transactions entered into after 2010, as well as avoidance transactions that are part of a series of transactions that started before 2011 and completed after 2010.

In general, a transaction will be reportable if it is an avoidance transaction or if it is a transaction that is part of a series of transactions and at least two of the following three hallmarks are met:

- the promoter or advisor (or any person who does not deal at arm's length with the promoter or advisor) has or had an entitlement to certain types of fees (for example, fees that are based on the amount of the tax benefit, contingent on obtaining a tax benefit, or attributable to the number of participants);
- the promoter or advisor (or any person who does not deal at arm's length with the promoter or advisor) obtains or obtained certain confidential protection with respect to the transaction or series of transactions; or
- the taxpayer, the promoter or advisor, or another person who entered into the transaction for the benefit of the taxpayer (or any person who does not deal at arm's length with them) has or had contractual protection for the transaction or series of transactions (otherwise than as a result of certain types of fees described above).

An avoidance transaction is a transaction that, but for the GAAR, results in a tax benefit, either by itself or as part of a series of transactions, unless the transaction may reasonably be considered to have been undertaken or arranged primarily for *bon fide* purposes other than to obtain a tax benefit. The existing definition of tax benefit and avoidance transaction for the purposes of the GAAR in section 245 of the Act apply to these transactions.

A reportable transaction does not include a transaction that is, or is part of a series of transactions that includes the acquisition of a tax shelter or issuance of a flow-through share for which an information return has been filed with the minister under subsections 237.1(7) or 66(12.68).

Information return RC312, *Reportable Transaction Information Return*, will have to be filed on or before June 30 of the calendar year following the calendar year in which the transaction first became a reportable transaction for the person.

For tax years ending after March 20, 2013:

- where the RC312 has not been filed as and when required, the reassessment period is extended by three years after the date the return is filed; and
- a waiver may be filed with the CRA within this extended period.

The scope of an assessment, reassessment, or additional assessment during this extended reassessment period is

limited to the tax benefit. There may be additional provincial reporting requirements depending on your province of residence.

For more information, see "Reportable Transactions" at cra-arc.gc.ca/nwsrm/fctshts/2013/m08/fs130830-eng.html or Form RC312, *Reportable Transaction Information Return*.

Failure to report could result in the suspension of the tax benefit and a penalty for the failure to report.

Reference
Section 237.3

Tax avoidance through the use of partnerships

Two measures have been enacted to ensure that partnerships cannot be used to circumvent the intended application of sections 88 and 100.

The first measure denies a section 88 bump in respect of a partnership interest to the extent that the accrued gain is reasonably attributable to the amount by which the fair market value of income assets exceed their cost amount. This measure applies where the income assets are held directly by the partnership or indirectly through another partnership. For this purpose, assets directly owned by a taxable Canadian corporation, the shares of which are held by the partnership, will not be considered to be indirectly held by the partnership. This applies to amalgamations that occur, and windings-up that begin, after March 28, 2012.

The application of section 100 has been extended to the sale of a partnership interest to a non-resident person, unless the partnership is carrying on business in Canada through a permanent establishment in which at least 90% of the assets of the partnership are used. In such cases, the income assets remain within the Canadian income tax base. This second measure also clarifies that section 100 applies to dispositions made directly or indirectly as part of a series of transactions, to a tax-exempt or non-resident person.

This measure applies to dispositions of interests in partnerships that occur on or after March 29, 2012.

References
Subsection 100(1)
Subparagraph 88(1)(d)(ii.1)

Enquiries service

You can view answers to common enquiries online; or, ask an account-related question online and we will answer online. You can use the "Enquiries service" to make an online request (for example, to order remittance vouchers), or submit an enquiry about a return. We will strive to respond within 10 business days, depending on the complexity of the question. To view the response, you can use the "View mail" service or access the Message Centre.

To access this online service, go to:

- **My Business Account** at cra.gc.ca/mybusinessaccount, if you are a business owner; or
- **Represent a Client** at cra.gc.ca/representatives, if you are an authorized representative or employee.

Registering a formal dispute

The authorized partner can make a formal objection on behalf of the partnership if they disagree with an assessment or a determination for the partnership.

Filing an objection is the first step in the formal process of resolving a dispute. The partnership has 90 days after the date of the notice of assessment or notice of determination to file the objection.

The partnership can file an objection by using one of these options:

- making an online submission, by accessing My Business Account or Represent a Client from the CRA website and selecting “Register a formal dispute (Notice of Objection)” under “Partnerships”; or
- sending a completed Form T400A, *Objection – Income Tax Act*, or a signed letter to the chief of appeals at your appeals intake centre.

For more information about objections and appeals, see Pamphlet P148, *Resolving your dispute: Objection and appeal rights under the Income Tax Act* or go to cra.gc.ca/resolvingdisputes.

References
Section 165
Subsection 165(1.15)

Keeping records

Keep your paper and electronic records for a period of **six years** from the end of the last tax year to which they relate. However, if you want to destroy them before the period is over, fill out Form T137, *Request for Destruction of Records*.

For more information, go to cra.gc.ca/records.

References
Subsections 230(4), 230(4.1), 230(5), and 230(6)
Regulation 5800
Information Circular IC05-1, *Electronic Record Keeping*
Information Circular IC78-10, *Books and Records Retention/Destruction*

Review and audit

We conduct in-depth reviews or audits of partnership information returns that are filed, including all supporting records.

Our officials are authorized to examine or audit partnership records. They will show you an official identification card before beginning a review. This protects the partnership and its partners from unauthorized people gaining access to confidential information. For more information on the audit process, see Information Circular IC71-14, *The Tax Audit*.

If you want us to contact an independent representative (such as an accountant or lawyer) about the audit, you have to authorize us to do so.

Additional information

International tax and thin capitalization rules

In general, the thin capitalization rules limit the deductibility of interest expenses of a corporation or trust in

circumstances where the amount of debt owing to certain non-residents exceeds a 1.5-to-1 debt-to-equity ratio.

Partnerships

The thin capitalization rules include debts owed by partnerships of which a corporation or trust is a member. In particular, for the purpose of determining the corporation or trust's debt-to-equity ratio under the thin capitalization rules, debt obligations of the partnership will be allocated to its members based on their proportionate interest in the partnership.

In circumstances where the partner's permitted debt-to-equity ratio is exceeded, the partnership's interest deduction will not be denied but an amount will be included in computing the income of the partner from a business or property, as appropriate. The source of this income inclusion will be determined by reference to the source against which the interest is deductible at the partnership level. This inclusion will equal the amount of the interest on the portion of the allocated partnership debt that exceeds the permitted debt-to-equity ratio.

For corporate partners, the income inclusion under these rules is deemed to be a dividend that is subject to Part XIII withholding tax.

Example

PQRS 1 and PQRS 2 are Canadian-resident corporations and are equal partners in a partnership that earns income from a business. PQRS 1 is wholly owned by Forco, a non-resident corporation.

The PQRS 1 shares owned by Forco have paid-up capital of \$4,000 but PQRS 1 has no other capital for the purposes of the thin capitalization rules. Forco lends \$3,000 to the partnership and lends \$8,500 directly to PQRS 1.

PQRS 1 has a 50% interest in the partnership and will therefore be allocated 50% of the partnership loan (\$1,500) for thin capitalization purposes. PQRS 1 has capital of \$4,000 and is considered to have outstanding debts to a specified non-resident (Forco) of \$10,000 (\$8,500 debt owed by PQRS 1 to Forco plus \$1,500 in debt allocated from the partnership).

With a permitted debt to equity ratio of 1.5-to-1, PQRS 1 has \$4,000 of total excess debt—that is, $(\$10,000 - 1.5 \times \$4,000) / \$10,000$, or 2/5, of \$10,000. This 2/5 ratio is applied to interest on the debt owed directly to Forco by PQRS 1 as well as the debt allocated from the partnership to determine how much interest is denied, or added back to income, respectively. Accordingly, 2/5 of the interest deduction in respect of the \$8,500 direct loan from Forco will be denied and an amount equal to 2/5 of the deductible interest expense in respect of the \$1,500 debt allocated from the partnership will be required to be included in computing the income of PQRS 1 from the partnership's business.

Functional currency reporting – Election under section 261

When a corporation that elects to report in a functional currency is a member of a partnership, that partnership has

to use the same functional currency when preparing the T5013 slip for this corporate partner.

If a partnership has one member that has made the election and another partner that has not elected, or has elected to use a different functional currency, the partnership is required to prepare the T5013 slip, for the partners who made an election under section 261 in their elected functional currency.

The functional currency is reported in box 205 of the T5013 slip.

A functional currency is a currency of a country other than Canada that is:

- a qualifying currency, currently:
 - the British pound (GBP);
 - the euro (EUR);
 - the Australian dollar (AUD); and
 - the U.S. dollar (USD);
- the primary currency in which the taxpayer maintains its records and books of account for financial reporting purposes for the tax year.

Reference

Subsections 261(3), (5) and (6)

Specified investment flow-through (SIFT) partnerships

General information

A specified investment flow-through (SIFT) partnership is liable to pay tax under Part IX.1, section 197 of the Act. For this purpose, the partnership information return is considered as the Part IX.1 tax return which is required to be filed by a SIFT partnership under subsection 197(4).

Part IX.1 tax applies on a SIFT partnership's **taxable non-portfolio earnings**. The tax rate under Part IX.1 reflects the general federal corporate rate for the tax year minus the corporate rate reduction that would apply for the tax year and minus the provincial abatement for the taxable income earned in a province, plus a provincial SIFT tax rate.

If a SIFT partnership is liable for tax under Part IX.1 for a tax year, the amount of income that will be subject to tax in the hands of the members of the partnership under Part I will be reduced. This is because paragraph 96(1.11)(a) modifies the wording of paragraph 96(1)(f) where Part IX.1 tax is payable so as to reduce the allocation of partnership income to a member of the partnership by an amount representing the member's share of the **taxable non-portfolio earnings**. The difference between the partnership's **taxable non-portfolio earnings** for the tax year and the tax payable by the partnership for the tax year under Part IX.1 is deemed to be a dividend received by the partnership from a taxable Canadian corporation. This deemed dividend is allocated to the members of the partnership in the same proportion as the taxable non-portfolio earnings.

The result is that members of the partnership who are "residents of Canada" will be deemed to have received an "eligible dividend" that qualifies for the enhanced dividend tax credit (in the case of individuals) or that qualifies for

inclusion in the general rate income pool (in the case of corporations). A partner that is a corporation resident in Canada may also be eligible for a dividend deduction under section 112.

The amount of "eligible dividend" is to be reported in box 132 of the T5013 slip.

References

Sections 112 and 197
Subsections 89(1) and 96(1.11)
Paragraph 96(1)(f)

How is Part IX.1 tax calculated?

Every partnership that is a SIFT partnership for a tax year is liable to a tax under Part IX.1 equal to the amount determined by the following formula:

$$A \times (B + C)$$

where:

- A** represents the taxable non-portfolio earnings of the SIFT partnership for the tax year;
- B** represents the net corporate income tax rate in respect of the SIFT partnership for the tax year; and
- C** represents the provincial SIFT tax rate of the SIFT partnership for the tax year.

For more information about SIFT partnerships, call 1-800-959-5525, or visit the webpage at cra-arc.gc.ca/tx/bsnss/tpcs/slprtnr/prtnrshp/sift-eipd/cmpl-t-eng.html.

References

Section 112
Subsection 197(2)

Tax shelters

Who has to apply for a tax shelter number?

Tax shelter promoters must apply for a tax shelter identification number from the CRA using the prescribed Form T5001, *Application for Tax Shelter Identification Number and Undertaking to Keep Books and Records*.

The CRA will issue a tax shelter identification number when an application is received, if the application includes:

- all the information required by the Act; and
- an undertaking that is satisfactory to the minister for the custody of the tax shelter's books and records. We will usually accept an undertaking by the promoter responsible for the tax shelter's books and records to keep such documents at the promoter's usual place of business in Canada.

Reference

Subsections 237.1(2) and (3)

When should the promoter apply for a tax shelter number?

For any tax shelter for which an application for a tax shelter identification number was made on or after March 29, 2012, promoters can sell or issue, or accept consideration for the tax shelter only if:

- the minister has issued before that time an identification number for the tax shelter; and

- that time is during the calendar year designated by the minister as being applicable to the identification number.

Tax shelter identification numbers that were applied for before March 29, 2012, (or that had been issued as of that date) were only valid until the end of 2013. For applications made on or after March 29, 2012, the tax shelter identification number will be valid only for one designated calendar year.

Reference
Subsection 237.1(4)

The tax shelter identification number

The tax shelter identification number consists of two alphabetic characters (TS) followed by a six-digit number.

This number does **not** confirm that an investor is entitled to claim any tax benefits associated with the tax shelter.

We use the tax shelter identification number for administrative purposes only.

Reference
Subsection 237.1(5)

Providing a tax shelter identification number

Tax shelter promoters have to make reasonable efforts to ensure that they provide the identification number assigned to a tax shelter to every person who acquires an interest, or invests, in a tax shelter:

- for a sale or issuance of an interest by any tax shelter promoter, or the acceptance of a contribution to the gifting arrangement, the promoter has to provide the identification number to the purchaser directly; and
- for subsequent sales of interests in the tax shelter, for which the promoter is not directly involved, the promoter's duty will normally be satisfied by clearly including the identification number on each certificate of ownership.

Reference
Paragraph 237.1(5)(a)

Mandatory statement

Further, every tax shelter promoter has to include the following statement on every written document that refers to the issuance of the tax shelter number by the CRA:

- where the statement or return is wholly or partly in English:

"The identification number issued for this tax shelter shall be included in any income tax return filed by the investor. Issuance of the identification number is for administrative purposes only and does not in any way confirm the entitlement of an investor to claim any tax benefits associated with the tax shelter."

- where the statement or return is wholly or partly in French:

« Le numéro d'inscription attribué à cet abri fiscal doit figurer dans toute déclaration d'impôt sur le revenu produite par l'investisseur. L'attribution de ce numéro n'est qu'une formalité administrative et ne confirme aucunement le droit de l'investisseur aux avantages fiscaux découlant de cet abri fiscal. »

- where the statement or return includes neither English nor French, include both the English and French statements described above.

Reference
Paragraph 237.1(5)(c)

Statement of earnings prepared

Each promoter who prepares a statement of earnings for a tax shelter must prominently display the tax shelter identification number on the upper right hand corner of any statement of earnings. If an identification number is not obtained in advance, no person may claim any loss, deduction, or credit for the tax shelter until the number is obtained, and the promoter pays a penalty. Tax shelter investors have to provide the tax shelter identification number on their claim for tax benefits for any investment in a tax shelter.

Note

We will **deny** tax benefits claimed by tax shelter investors if they invest in a tax shelter arrangement that **does not** have a tax shelter identification number.

Reference
Paragraph 237.1(5)(b)

Identifying tax shelter participants

The promoter of a tax shelter has to keep a list of participants showing the name, address, and identification number of each participant.

Multiplication of the small business deduction

The specified partnership income rules in the *Income Tax Act* are intended to eliminate the multiplication of the small business deduction in respect of a partnership of corporations that are not associated with each other. In such a case, a single business limit applies with respect to the partnership's business. In the absence of these rules, each Canadian-controlled private corporation (CCPC) that is a member of a partnership could claim a separate small business deduction of up to \$500,000 in respect of the portion of the partnership's active business income allocated to it.

In general terms, the small business deduction that a CCPC that is a member of a partnership can claim in respect of its income from the partnership is limited to the lesser of the active business income that it receives as a member of the partnership (its "partnership ABI") and its *pro-rata* share of a notional \$500,000 business limit determined at the partnership level (its specified partnership income limit, or "SPI limit"). A CCPC's specified partnership income is added to its active business income from other sources, if any, and the CCPC can claim the small business deduction on the total (subject to its annual business limit).

Budget 2016 addresses concerns about partnership structures that multiply access to the small business deduction. This measure will apply to taxation years that begin on or after March 22, 2016. However, an actual member of a partnership will be entitled to notionally assign all or a portion of the member's specified partnership income (SPI) limit in respect of their taxation

year that begins before, and ends on or after, March 22, 2016.

Budget 2016 extends the specified partnership income rules to partnership structures in which a CCPC provides (directly or indirectly, in any manner whatever) services or property to a partnership during a tax year of the CCPC where, at any time during the year, the CCPC or a shareholder of the CCPC is a member of the partnership or does not deal at arm's length with a member of the partnership. In general terms, for the purpose of the specified partnership income rules:

- a CCPC will be deemed to be a member of a partnership throughout a taxation year if it is not otherwise a member of the partnership in the taxation year, and it provides services or property to the partnership at any time in the taxation year, and if one of the following tests is met:
 - one of the shareholders of the CCPC is a member of the partnership; or
 - a member of the partnership does not deal at arm's length with the CCPC, and it is not the case that all or substantially all of the CCPC's active business income for the taxation year is from providing services or property to arm's length persons other than the partnership;
- a CCPC that is a member of a partnership (including a deemed member) will have its active business income from providing services or property to the partnership deemed to be partnership ABI; and
- the SPI limit of a deemed member of a partnership will initially be nil (as it does not receive any allocations of income from the partnership). However, an actual member of the partnership who does not deal at arm's length with a deemed member of the partnership will be entitled to notionally assign to the deemed member all of or a portion of the actual member's SPI limit in respect of a fiscal period of the partnership that ends in the deemed member's taxation year (and where the actual partner is an individual, the assignable SPI limit of all members of the partnership will be determined as if they were corporations).

Example

Kerry and Chris are married. Kerry owns 100% of K Co. Chris owns 100% of C Co.

Kerry and Leslie each have a 50% interest in a limited liability partnership (LLP) that provides accounting services to the public. Leslie deals at arm's length with Kerry and Chris. None of K Co, C Co, or Chris is a member of the LLP.

The LLP has \$200,000 of net income to allocate to its members. K Co and C Co each earn \$400,000 from providing accounting services to LLP.

Leslie

- Leslie is taxable on \$100,000 at personal income tax rates.

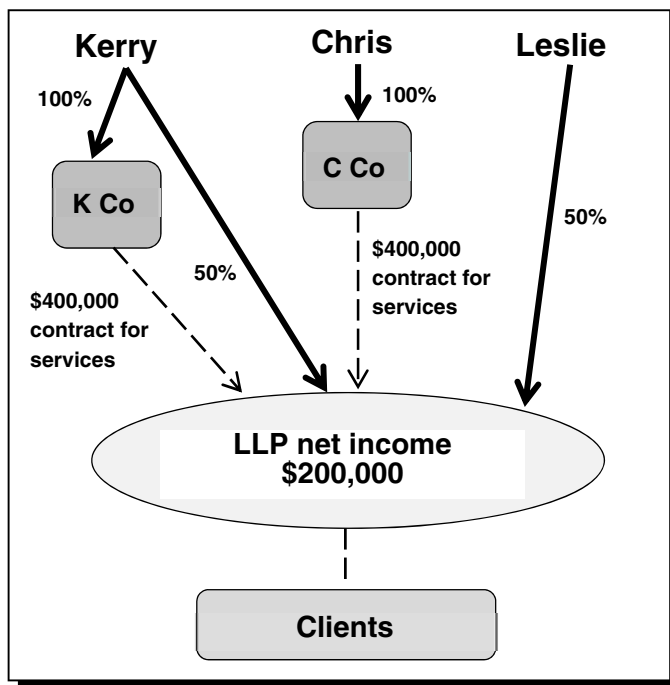
Kerry/K Co

- Kerry is taxable on \$100,000 at personal income tax rates

- K Co is deemed to be a partner of LLP because it does not deal at arm's length with Kerry and provides services to LLP.
- The full \$250,000 of Kerry's SPI limit is assigned by Kerry to K Co; that is, 50% of the partnership's \$500,000 business limit is what Kerry's SPI limit would be if Kerry were a corporation. Alternatively, Kerry could have assigned all or a portion of his \$250,000 SPI limit to C Co.
- For K Co only \$250,000 of the \$400,000 is eligible for the small business deduction. The remaining \$150,000 of income is not eligible for the small business deduction and is taxable at the general federal corporate tax rate.

Chris/C Co

- C Co is deemed to be a partner of LLP because it does not deal at arm's length with Kerry and provides services to LLP.
- For C Co, since C Co is deemed to be a partner of LLP and the full \$250,000 of Kerry's SPI limit has been assigned by Kerry to K Co., the whole \$400,000 is not eligible for the small business deduction and is taxable at the general federal corporate tax rate.



Chapter 2 – Filing methods

Internet filing is available from January 9, 2017. You **must** file information returns by Internet if you file more than 50 information returns (slips) for a calendar year.

If you use commercial or in-house developed software to manage your business, you can file up to 150 MB by Internet file transfer. For example, a service bureau can file multiple returns in one submission, provided the total submission does not exceed the 150 MB restriction.

Note

If your return is more than 150 MB, you can either compress your return or divide it so that each submission is no more than 150 MB.

Mandatory electronic filing

Failure to file information returns over the Internet

If you file more than 50 information returns for a calendar year and you do not file the returns by Internet file transfer or Web Forms, you may have to pay a penalty determined as follows:

Number of information returns (slips) by type	Penalty
51 to 250	\$250
251 to 500	\$500
501 to 2,500	\$1,500
2,501 or more	\$2,500

Each slip is an information return, and the penalty we assess is based on the number of information returns filed in an incorrect way. The penalty is calculated according to the type of information return. For example, if you file 51 NR4 slips and 51 T4 slips on paper, we will assess two penalties of \$250, one for each type of information return.

Filing by My Business Account or Represent a Client

Using tax preparation software, you can file your return in extensible markup language (XML). Electronic filing, without a web access code, for the partnership information return in XML format is available to business owners using the "File a return" service in My Business Account at cra.gc.ca/mybusinessaccount and to authorized representatives and employees through Represent a Client at cra.gc.ca/representatives. Original and amended returns are accepted for fiscal periods ending in 2013 and later years.

If you have to file a Form T661, *Scientific Research and Experimental Development (SR&ED) Expenditures Claim*, an election, or any other paper form with your return and you are filing your partnership information return electronically, unless otherwise specified, send the document(s) to your tax centre. Clearly identify your partnership's name, account number, and the applicable fiscal period end on the documents.

Filing by Internet file transfer

Internet file transfer allows you to transmit an original or amended T5013 FIN, *Partnership Financial Return*, the related schedules, and the T5013 summary and slips with a maximum file size of 150 MB. Original and amended returns are accepted for fiscal periods ending in 2013 and later years. All you need is a web browser to connect to the Internet, and your software will create, print, and save your electronic information return in XML format.

For information about this filing method, contact your software publisher or go to cra.gc.ca/iref.

Filing by Web Forms (slips and summary only)

Our Web Forms application is free and secure. To use it, you need access to the Internet. You can fill out an information return for the T5013 summary and slips easily with Web Forms, following the step-by-step instructions.

Web Forms lets you:

- file up to 100 slips (original, additional, amended, or cancelled) from our website;
- calculate all of the totals for the summary;
- create electronic information return containing slips and a summary, which can be saved and imported at a later date;
- print all your slips and your summary; and
- validate data in real time.

After you submit your information return for the T5013 summary and slips, you will receive a confirmation number that will be your proof that we received it.

To start using this application or to get more information about Web Forms, go to cra.gc.ca/iref.

Web access code

Unless you are filing your return through My Business Account or Represent a Client, you will need a web access code (WAC) to file over the Internet using either the Internet file transfer or Web Forms applications.

For information about My Business Account or Represent a Client, see "Online services" on page 90.

The CRA is no longer mailing web access code letters; as a result, you can use the WAC that was issued for the 2012 tax year to file future information returns. If you have misplaced or do not have a WAC, you can obtain one at cra.gc.ca/iref by selecting "Need a web access code?" If you cannot obtain your WAC online or would like to change it, call 1-800-959-5525.

Filing without a web access code

You can file your T5013 information return without a web access code through My Business Account or Represent a Client.

Select the "File a return" option through:

- **My Business Account** at cra.gc.ca/mybusinessaccount if you are the business owner; or
- **Represent a Client** at cra.gc.ca/representatives if you are an authorized representative or employee.

If you have already registered for our online services, you can login using your CRA user ID and password or the Sign-In Partner option.

To register as a business owner, you will need to enter information from your current or previous year's income

tax and benefit return. You should receive your CRA security code within 5 to 10 days. We will mail it to the address on file for you. The separate mailing of the security code helps to protect you from identity theft and to keep your personal information secure.

Have your business number on hand when you register.

To register as a representative (this includes employees of a business), you will need to enter your access code from your notice of assessment and your postal code or ZIP code.

Filing paper T5013 Financial Returns and schedules

Where you file your paper return depends on where the partnership is located. To determine where to mail your return go to cra.gc.ca/partnership or call 1-800-959-5525.

Filing the T5013 summary and slips on paper

If you file 1 to 50 slips, we strongly encourage you to file over the Internet using Internet file transfer or Web Forms. We explained these options earlier. However, you can still file up to 50 slips on paper.

Fill out **one copy** of the T5013 slip for each partner and send them with your T5013 summary. Enter the information for two different partners on one sheet. You must keep a copy of the T5013 slips and the T5013 summary for your files.

Where you file your paper return depends on where the partnership is located. To determine where to mail your return, go to cra.gc.ca/partnership or call 1-800-959-5525.

Reference

Information Circular IC97-2, *Customized Forms*

General information about how to fill out the forms and schedules of the return

Use the following instructions to prepare your return in order to help us process it efficiently and quickly:

- Type or print the data and information wherever possible. If you prepare your return by hand, print clearly.
- Enter the account number and the fiscal period end of the partnership in the designated boxes of the forms and schedules and on every other document you need to attach with your T5013 FIN.
- Enter all amounts in Canadian dollars, unless the partnership has to report the income or loss of one or more partners using the partner's elected functional currency. For more information, see "Functional currency reporting – Election under section 261" on page 11.
- Income from foreign countries – Report all income from foreign countries in Canadian dollars, unless the partnership has to report the income or loss of one or more partners using the partner's elected functional currency.

If you do not enter all the information requested in each area, we will contact you to get the missing information, or ask you to send us an amended form. Missing information can delay the processing of the partnership's information return or the partner's return.

If more than 12 other information financial fields or more than 4 text fields are required on the T5013 slips, create a second slip to report the additional amounts.

Partnership account number

The partnership account number consists of 3 parts and 15 characters: the 9-digit business number (BN); the 2-letter information return program identifier RZ; and a 4-digit reference number to identify each account a business may have. The partnership account number looks like this: 123456789RZ1234.

Partnerships – Partnerships filing their return on paper must enter their RZ account number on the following documents:

- T5013 FIN, and on all the related T5013 schedules;
- T5013SUM, the T5013 slips, and all financial statements issued to the partners; and
- all correspondence regarding the partnership that you send to the CRA.

Notes

If you do not already have a partnership account number, you must apply for one before filing your return. For more information, see "Getting a partnership account number" on page 17.

Partnerships must provide their RZ account number to nominees or agents who are required to file a T5013 information return (Summary and slips).

Nominee or agent – If you are a **nominee** or an **agent** who holds an interest in a partnership for another person, you will have to file Form T5013SUM and the T5013 slips for each partnership in which you are holding an interest for another person. You must therefore register for a T5 group RZ account number.

The account number used can be an existing T5 group account number, an existing T5 group number with a new extension (last 4 digits of the 15-character RZ) or a new business number.

There is no need to register for an RZ account number for each partnership in which you are holding an interest.

If you do not have a business number, you can apply for one by completing the Form RC257, *Request for an Information Return Program Account (RZ)* and the Form RC1, *Request for a Business Number (BN)*. You must select the "T5 Group" program account type.

Send the completed RC257 and the RC1 to your nearest Tax Centre.

For more information on the requirements applicable to nominees or agents, see "Nominees and agents who hold an interest in a partnership for another person" on page 8.

Getting a partnership account number

You can register for a business number (BN) and one or more CRA program accounts at the same time.

Online – You can register for a BN with Business Registration Online (BRO). If you already have a BN but do not have an RZ program account number, you can get one with BRO. To register online or to find out more about online registration, go to cra.gc.ca/bro

By phone – You can register for a BN and one or more CRA program accounts by calling 1-800-959-5525.

Before calling, be ready to answer all the questions in Part A of Form RC1, and any other questions in the form that relates to the account(s) you want to open.

If you already have a BN, but do not have an RZ program account, be ready to answer all the questions in Form RC257.

AgriStability and AgriInvest programs

The CRA is not the primary administrator of the AgriStability and AgriInvest programs. For more information on these programs, go to agr.gc.ca/agristability and agr.gc.ca/agriinvest.

Distributing the forms

After you fill out the forms and schedules included in the return, you have to send them to the relevant recipients.

For the Canada Revenue Agency

The partnerships must send to us:

- the completed original of Form T5013 FIN, *Partnership Financial Return*;
- the completed original of Form T5013SUM, *Summary of Partnership Income*;
- the original copy of all slips T5013, *Statement of Partnership Income*;
- the completed original of Form T5013 SCH 1, *Net Income (Loss) for Income Tax Purposes* (Schedule 1);
- the completed original of Form T5013 SCH 50, *Partner's Ownership and Account Activity* (Schedule 50);
- the completed original of Form T5013 SCH 100, *Balance Sheet Information* (Schedule 100);
- the completed original of Form T5013 SCH 125, *Income Statement Information* (Schedule 125);
- the completed original of Form T5013 SCH 141, *Financial Statement Notes Checklist* (Schedule 141);
- one copy of the notes to the financial statements for the fiscal period, if applicable (if filing paper returns); and

Note

If you file electronically, do not send the paper copy of the notes to the financial statements to your tax centre. If we need the notes to your financial statement, we will ask for them.

- any other forms or documents when they apply.

Note

Full disclosure is required on all documents relating to the return. All the information requested in this return and supporting documents is “prescribed information”.

The nominees or agents must send:

- the completed original of Form T5013SUM, *Summary of Partnership Income*; and
- the original copy of all slips, Form T5013, *Statement of Partnership Income*.

For the members of the partnership

Mail two copies of the T5013 slips to the last known address of each partner, with a copy of the slip instructions for the recipient, or deliver them in person. Do this on or before the day you have to file the return.

Note

You can send recipients an electronic copy of their T5013 slips and instructions (T5013-INST). However, each recipient has to consent in writing or by email to receive the slips electronically.

Reference

Regulation 209

For the partnership and nominees or agents

For your own records, keep one copy of each form that you send to the CRA.

What happens after you file your partnership information return?

When we receive your partnership information return, we check it to see if you have prepared it correctly. After an initial review, we enter your return into our processing system, which captures the information and performs various validity and balancing checks. If there are any problems, we may contact you.

Notice of assessment

We will issue a notice of assessment for the return only if we apply a penalty, or if an amount of tax is payable under section 197, *Tax on SIFT Partnerships*.

Manage online mail

You may authorize the CRA to release your notice of assessment electronically through My Business Account. If you choose this option, you will not receive a notice of assessment in the mail. Instead, the CRA will let you know by email when your notice of assessment is ready to be viewed online. Go to cra.gc.ca/mybusinessaccount and select the “Manage online mail” service after logging in.

View mail

You can view a notice of assessment or a response to your online enquiry, by selecting the “View mail” service at:

- **My Business Account** at cra.gc.ca/mybusinessaccount, if you are a business owner; or

- **Represent a Client** at cra.gc.ca/representatives if you are an authorized representative or employee.

Chapter 3 – After you file

If you find an error in any part of your return after filing it, or received information that should have been included in the return, send us your amended return via one of the following methods.

Using tax preparation software and the electronic filing method

Use your tax preparation software to make changes to your return (T5013 FIN, Schedules, the T5013 slips and the T5013 summary). Save a new XML file and upload it to us through the My Business Account service for business owners at cra.gc.ca/mybusinessaccount or through Represent a Client at cra.gc.ca/representatives for authorized representatives and employees.

You can also upload your XML file through the Internet file transfer service. This service can be found on our website at cra.gc.ca/file-xml.

Filing on paper

Send a letter explaining the changes along with an amended return.

Enter all the data in the same way as on the original return except for the areas that you are changing. Answer “Yes” to question 040 on page 1 of the amended T5013 FIN, and tick (✓) the “Amended” box on the top right hand corner of all the amended T5013 Schedules, other forms or documents you are submitting. If a form or document does not have an “Amended” box to tick, clearly print the word “AMENDED” at the top of the form or document.

Send the amended return to the tax centre where you sent the original return. Where you file your paper return depends on where the partnership is located. To determine where to mail your return, go to cra.gc.ca/partnership or call 1-800-959-5525.

Do not adjust any current year forms for errors made in a previous year.

If the error has an impact on the partnership’s net income or loss for a previous year, amend the previous year’s return and issue amended T5013 slips to the partners and the CRA. The partners should ask us to adjust their returns for the previous year. These types of errors can affect each partner’s tax payable for the previous year.

Amending or cancelling slips

After filing your T5013 slip, you may notice an error on a slip. If so, you will have to prepare an amended slip to correct the information. Provide copies to the recipient. **Do not** include slips that have no changes.

Note

You must also send your amended slips in the same format as you sent your original slips (for example, if

your original slip was sent in electronically, your amended slip must be sent in electronically).

If the amended or cancelled slips have an impact on the partnership financial return, you must file an amended partnership financial return with your tax centre.

Amending or cancelling slips electronically

To amend a slip electronically, change only the information that is incorrect and retain all of the remaining information that was originally submitted. Use summary report type code “A” and slip report type code “A.”

To cancel a slip, do not change any information that was contained on the original slip. Use summary report type code “A” and slip report type code “C.”

For more information on how to amend or cancel information returns electronically, go to cra.gc.ca/iref.

Amending or cancelling slips on paper

Clearly identify the slips as amended or cancelled by writing “AMENDED” or “CANCELLED” at the top of each slip. Make sure you fill in all the necessary boxes, including the information that was correct on the original slip. Send two copies of the slips to the recipient. Send one copy of the amended or cancelled slips to your tax centre with a letter explaining the reason for the amendment or cancellation.

Adding slips electronically

After you file your T5013 slips, you may discover that you need to send us additional slips. If you have slips that were not filed with your initial submission, file them separately using the same filing method originally used. For information on adding slips electronically, go to cra.gc.ca/iref.

Note

Any additional T5013 slips that are filed after the due date may result in a late filing penalty.

Adding slips on paper

If you file additional slips on paper, clearly identify the new slips by writing “ADDITIONAL” at the top of each slip. Send one copy of the additional slips to the corresponding recipient and send another copy to your tax centre.

Notes

If the total number of T5013 slips (including any additional slips) you file is more than 50 for the same calendar year, you could file the additional slips electronically.

Any additional T5013 slips that are filed after the due date may result in a late filing penalty.

If the additional slips have an impact on the partnership financial return, you must file an amended partnership financial return with your tax centre.

Replacing slips

If you issue T5013 slips to replace copies that are lost or destroyed, do not send us copies of these slips. Clearly

identify them as “DUPLICATE”, and keep a copy for your records.

Amending, cancelling, or adding slips without a web access code

You can amend, cancel, and file more slips (up to 150 MB for Internet file transfer, and up to 100 slips for Web Forms) using the “File a return” service at:

- **My Business Account** at cra.gc.ca/mybusinessaccount, if you are the business owner; or
- **Represent a Client** at cra.gc.ca/representatives, if you are an authorized representative or employee.

Chapter 4 – Due dates

General information

Annual return – The due date for filing an annual return (including distributing the T5013 slips) depends on the type of partners, including end members of a tiered partnership. Mail the recipients’ copies of the T5013 slips, deliver them in person, or send them electronically no later than the day you have to file the return.

Due dates

- **March 31** after the calendar year in which the fiscal period of the partnership ended if, throughout the fiscal period:
 - All partners are individuals, including end members of a tiered partnership, and investment clubs that file on the modified-partnership basis. We consider a **trust** to be an individual.
- **Five months after the end of the partnership’s fiscal period** if, throughout the fiscal period:
 - All partners are corporations, including end members of a tiered partnership.
- **In all other cases, the earlier of:**
 - March 31 after the calendar year in which the fiscal period of the partnership ended; and
 - the day that is five months after the end of the partnership’s fiscal period.

Examples: The due date is five months after the end of the fiscal period.

Fiscal period end	Filing due date
March 31	August 31
June 30	November 30
September 23	February 23
September 30	February 28
October 2	March 2

References

Section 249.1
 Subsections 102(2) for subdivision j, and 237.1(7.1)
 Regulations 209 and 229(5)
 Information Circular IC73-13, *Investment Clubs*

Final return – If a partnership ends its operations on or before the usual end of its fiscal period, file any outstanding returns no later than the **earlier** of:

- 90 days after the date the partnership ended all business or activity; and
- the date the partnership would otherwise have had to file a return if it had not ended all business or activity.

Reference

Regulation 229(6)

Example

NTC Systems is a partnership with six partners, all individuals. In the first fiscal period of the partnership an election was made to use a January 31 fiscal period end.

Under ordinary circumstances, the partnership would have filed the return for the fiscal period ending on January 31, 2016 no later than March 31, 2017.

However, on June 30, 2016, NTC Systems ended its business and the partnership ceased to exist. Since the partnership ended its business on June 30, 2016, it has two fiscal periods ending in the 2016 calendar year.

As a result, NTC Systems has to file two returns, both due on September 28, 2016 (90 days after June 30, 2016):

- one for the full fiscal period ending January 31, 2016; and
- one for the short fiscal period from February 1 to June 30, 2016.

If a partnership ceases to exist, each partner who is an individual can elect to have a fiscal period end on the usual date, as if the partnership has not ended. However, the election is only for the purposes of calculating the individual’s income for the tax year and does not affect the due date of the return.

If the partnership is a tax shelter and does not have to file a partnership return because it does not meet the filing criteria, and it files Form T5003SUM, *Tax Shelter Information Return*, then the due date of the T5003 return is the earlier of:

- on or before the last day of February of the following calendar year; and
- 30 days after the day it discontinues its activities.

Note

If the due date falls on a Saturday, Sunday or a public holiday, your information return is due on the next business day. Note that several provinces and territories have their own unique holidays. Therefore, due dates may be affected depending on where you reside. For a list of public holidays, go to cra.gc.ca/duedates.

Reference

Subsections 99(2) and 237.1(7.2)

How to change the partnership's fiscal period end – The partnership's fiscal period is the same from year to year unless you have received approval to change the fiscal period.

To change an established fiscal period, write a letter to your tax services office asking for approval and explaining the reasons for the change. A partnership is not permitted to adopt a floating fiscal period. A fiscal period that ends on "the last Friday of December" is an example of a floating fiscal period. You do not need approval to change the fiscal period in some situations, including when the partnership has wound up and you are filing its final return with an abbreviated fiscal period.

References

Section 249.1(7)
Paragraph 249.1(1)(d)

When may the CRA determine the income or loss of the partnership?

We can determine any income or loss of the partnership for a fiscal period and any deduction or other amount, or any other matter that is relevant in determining the income, taxable income, or taxable income earned in Canada, of any member of the partnership for any tax year, within **three years** after the day that is the later of:

- the day on or before which a member of the partnership is required to make an information return for a fiscal period of the partnership; and
- the day the return is filed.

Reference

Subsections 152(1.4) and 152(1.7)

Notice of determination

The *Income Tax Act* allows the CRA, for a fiscal period of a partnership, to make a determination (which includes a redetermination) under subsection 152(1.4) of any income, loss, deduction, or other amount in respect of the partnership. Where a determination is made, we issue a notice of determination to the partnership and to each person who was a member of the partnership during the fiscal period.

A determination is not invalid just because one or more persons who were members of the partnership during the period did not receive the notice of determination.

Reference

Subsections 152(1.5) and 152(1.6)

Partnership waivers

The CRA cannot determine an amount if more than three years have passed since the deadline for filing the relevant partnership information return or the day it is actually filed, whichever is later. However, where the CRA obtains a waiver from each partner, the time period for making a determination is extended. If one or more of the partners does not provide a waiver, and, as a result, the period cannot be extended, a determination will need to be made by the CRA using only the information that is available to us at that time. The provision of a waiver is at the discretion of the taxpayer.

There are circumstances under which it is better for both the CRA and the partners of a partnership to waive the three-year time limit. Obtaining the required waivers from all members of the partnership can be difficult; therefore, a single partner may be designated to file the waiver on behalf of all the partners.

Date when we consider the partnership information return to be filed

If you file electronically, we will consider the T5013 return to be filed on the date that you successfully submit the return electronically to the CRA. The CRA will provide you with a confirmation number as proof that your return was filed.

If you mail the return, we will consider it to be filed on the date the envelope is postmarked.

If you deliver the return to our secure drop-off box at your tax services office or tax centre, we will consider it to be filed on the day you delivered it.

You will be liable for a penalty under subsection 162(7.1) if you file a return late. See "Late filing" on page 21.

Date when we consider income tax, penalty, and interest payments to be effective

Where the partnership has to pay income tax, penalty or interest, we consider any payment to have been made on the day we receive it, and not on the day you mail it.

Your payment due date may fall on a Saturday, a Sunday, or a statutory holiday. If so, we will consider the payment as being received on time if we receive it on the first business day after the due date. For more information on the statutory holidays, go to cra.gc.ca/duedates.

Due dates for publicly traded partnerships to post their financial information on the CDS Innovations Inc. website

A public partnership or a public investment partnership is required to make information available with respect to allocations of income, losses, and capital so that the return can be prepared on a timely basis.

This information is to be made available by posting it by the **due date** (explained on page 19) on the website of CDS Innovations Inc., a subsidiary of the Canada Depository for Canadian Securities Limited. Partnerships that require access to the website's upload facility in this respect should send a request by email to cdsinnovations@cds.ca.

Each member of the partnership is responsible to make public the partnership's financial information on the CDS Innovations Inc. website. Once an authorized partner has made the required information public, we consider all partners to have fulfilled their obligation to do so.

Note that this reporting requirement is separate from and does not replace the CRA's filing requirements and due date for the return.

The **due date** for posting the required information is as follows:

- in the case of a public partnership that **is not** a public investment partnership at any time in the fiscal period, the day that is the earlier of:
 - 60 days after the end of the calendar year in which the fiscal period ends; and
 - four months after the end of the fiscal period.
- in the case of a public partnership that **is** a public investment partnership at any time in the fiscal period, the day that is 67 days after the end of the calendar year in which the fiscal period ends.

These partnerships are also required to notify the CRA of the date their tax information was posted on the CDS Innovations Inc. website by emailing the notification to **PUBTR-FO-G@cra-arc.gc.ca**.

Reference
Regulation 229.1

Chapter 5 – Penalties

Late filing

Partnership – If a T5013 partnership information return, or any part of it, is filed late, the partnership is subject to a penalty for each failure to file on time. We consider the return filed on time if we receive it or it is postmarked on or before the due date. The penalty is \$25 per day, from a minimum of \$100 to a maximum of \$2,500.

Note

The penalty is applicable separately on each mandatory form being part of the return, which includes each of the slips.

Partners and partnership – Every partner (including a nominee or agent who holds an interest in the partnership for another person) or partnership who fails to file an information return as and when required by the Act or the Regulations or fails to comply with a duty or obligation imposed by the Act or the Regulations (including distributing any slips late to the recipients), is liable to a penalty for each failure. Generally, the penalty for each failure is \$25 per day, with a minimum penalty of \$100 and a maximum of \$2,500.

The partnership may also be subject to a penalty for failure to file the respective information return reporting foreign property, foreign affiliates, non-arm's length transactions with non-residents or distributions from and indebtedness to a non-resident trust.

References
Subsections 162(7), 162(7.1), 162(10), 162(10.1), 233.1(3), 233.3(3), 233.4(4), 233.6(1)
Regulations 209(1), 229(1), (2), and (3)
Form T106, *Information Return of Non-Arm's Length Transactions with Non-Residents*
Form T1134, *Information Return Relating to Controlled and Not-Controlled Foreign Affiliates (2011 and later taxation years)*
Form T1135, *Foreign Income Verification Statement*
Form T1141, *Information Return in Respect of Contributions to Non-Resident Trusts, Arrangements or Entities*
Form T1142, *Information Return in Respect of Distributions from and Indebtedness to a Non-Resident Trust*

Late filing penalty under subsections 66(12.74) and 66(12.75)

Partnership – If you file Form T5013 SCH 52 (Schedule 52) late, the partnership is subject to penalties from \$100 up to \$30,000. The partnership has to pay this penalty when filing the return. Calculate this penalty on Schedule 52, and send your cheque payable to the receiver general for the penalty with your return.

Reference
Subsections 66(12.69), 66(12.691), 66(12.74), and 66(12.75)

Repeated failure to file

Partnership – You are liable for an additional penalty of \$100 for each member multiplied by the number of months or part months (to a maximum of 24 months) during which the return is not filed. This additional penalty will apply if:

- we have already assessed the partnership a penalty for failing to file a partnership information return for that fiscal period;
- we have formally demanded the return (or information required to be contained in the return) from a partner for that fiscal period; and
- we have assessed the partnership a penalty for failing to file a partnership information return in any of the three preceding fiscal periods.

References
Section 233
Subsections 162(7.1) and 162(8)

Offences and punishment

Partners (including a tax shelter promoter) – If no member files a return as required under the Act or the Regulations, each partner may be guilty of an offence. If convicted, in addition to any other penalty, each partner could be liable to the following:

- a fine from \$1,000 up to \$25,000; or
- both a fine from \$1,000 up to \$25,000, and imprisonment up to 12 months.

Reference
Subsection 238(1)

Failing to provide social insurance numbers (SINs), business numbers (BNs), or other information

The partnership is liable for penalties for each failure if information required to be provided on a form is missing. Penalties for failing to give SINs, BNs, and other information also apply to the partners.

Partnership – Anyone who prepares a partnership return, or any other information return, has to make a reasonable effort to get the necessary information, including identification numbers from the individuals, corporations, trusts or partnerships resident in Canada who will receive the T5013 slips.

If you do not do this, the partnership and each partner may be subject to a \$100 penalty for each failure. The penalty does not apply if an individual has applied for, but has not yet received, a SIN when the partnership files the information return.

We may ask to see documents to prove you made a reasonable effort to get the identification numbers. Therefore, you should keep any documents to prove you made a reasonable effort to get your investors' SIN (for example, using registered mail). When you send a request by mail, you should keep a record of the date of the request, an example of the request form, and the names of the people contacted.

Partners – Persons or partnerships have to give their identification number on request to anyone who has to prepare a slip for them. A person or partnership that does not comply with this requirement is subject to a \$100 penalty for each failure.

A person or partnership that does not have an identification number has 15 days from the date of receipt of an information request to apply for one. After receiving the identification number, the person or partnership has 15 days to provide it to the person who is preparing the slips.

An individual who does not have a SIN can apply for one at any Service Canada Centre. For more information, visit their website at servicecanada.gc.ca.

Note

Social Insurance Number (SIN), Individual Tax Number (ITN), or Temporary Tax Number (TTN) –

Individuals need to provide a SIN, an ITN, or a TTN. If the individual partner does not have a SIN but provides a TTN, use that. If the individual partner is a non-resident and is not eligible to get a SIN, the partner should apply for an ITN using Form T1261, *Application for a Canada Revenue Agency Individual Tax Number for Non-Residents*.

An individual under 18 years of age at the end of the tax year to which the information return relates does not need to provide a SIN if that individual's total income for the year is expected to be \$2,500 or less.

References

Subsections 162(5), 162(6), 237(1), 237(1.1), and 237(2)
Information Circular IC82-2, *Social Insurance Number Legislation that Relates to the Preparation of Information Slips*

Using an identification number

If you have to prepare a return (or if you are an officer, employee, or agent of someone who does), and to do so you have to get an identification number from each member of the partnership, you may use this identification number only for the purpose for which it was provided to you, or for the purposes required or authorized by law.

The Act protects the use of those identification numbers. If you do not have the written consent of the person or partnership, you cannot do the following:

- knowingly use or communicate an identification number; or
- knowingly allow it to be communicated.

If you are convicted of using an identification number for unauthorized purposes, you are liable to:

- a fine up to \$5,000;
- imprisonment up to 12 months; or
- both a fine and imprisonment.

Reference

Subsection 239(2.3)

Penalties applicable to tax shelters

False or misleading information

Every person:

- who files false or misleading information in Form T5001, *Application for Tax Shelter Identification Number and Undertaking to Keep Books and Records*; or
- who as a principal or as an agent or nominee sells, issues, or accepts consideration for an interest in a tax shelter (including a gifting arrangement) before the minister has issued an identification number,

is liable to a penalty that is the greater of:

- \$500; or
- 25% of the greater of:
 - the total of all amounts, each of which is the consideration received or receivable from a person for the tax shelter before the correct information is filed with the minister or the identification number is issued, as the case may be; and
 - the total of all amounts, each of which is an amount stated or represented to be the value of property that a particular person who acquires or invests in the tax shelter could donate to a qualified donee, if the tax shelter is a gifting arrangement and consideration has been received or is receivable from the particular person for the tax shelter before the correct information is filed with the minister or the identification number is issued, as the case may be.

Reference

Subsection 237.1(7.4)

Failure to file an information return or report required information

Every person who is required to file an information return and who fails to comply with a demand under section 233 to file the return, or to report required information, is liable to a penalty equal to 25% of the greater of:

- the total of all amounts each of which is the consideration received or receivable by the person for the tax shelter from a particular person for whom information required had not been reported at or before the time that the demand was issued or the return was filed, as the case may be; and
- if the tax shelter is a gifting arrangement, the total of all amounts each of which is an amount stated or represented to be the value of property that the particular person could donate to a qualified donee.

Reference
Subsection 237.1(7.5)

Failing to provide the tax shelter identification number

We may assess a penalty of \$100 for each failure if the tax shelter identification number is missing on a form.

Reference
Subsections 162(5) and 237.1(5)

Providing an incorrect tax shelter identification number

If you wilfully give an incorrect tax shelter identification number, and if convicted of the offence, you are liable to the following:

- a fine from 100% up to 200% of the cost of the tax shelter interest;
- imprisonment up to two years; or
- both a fine and imprisonment.

This fine is in addition to any other penalty we assess.

Reference
Subsection 239(2.1)

Misrepresentation of a tax matter by a third party

We will charge a penalty to those persons who counsel and assist others in making false statements when they file their returns or who are wilfully blind to obvious “errors” when preparing, filing, or assisting another person in filing a return. This penalty will also be applied to arrangements and plans which contain false statements.

References
Information Circular IC01-1, *Third-Party Civil Penalties*
Section 163.2

Interest on penalties

We charge interest compounded daily at a fixed rate set out by the Act on the total outstanding amount of penalties and interest. Both interest and penalties are payable to the receiver general.

Reference
Subsection 161(11)

Cancel or waive penalties or interest

The CRA administers legislation, commonly called the taxpayer relief provisions, that gives the CRA discretion to cancel or waive penalties or interest when taxpayers are unable to meet their tax obligations due to circumstances beyond their control.

Examples of circumstances where relief from penalties or interest may be warranted include:

- natural or human-made disasters, for example, flood or fire;
- service disruption, for example, postal strike;
- serious illness or accident;

- errors or delays on the part of the CRA; or
- inability to pay or financial hardship.

The CRA’s discretion to grant relief is limited to any period that ended within 10 years before the calendar year in which a request is submitted.

For penalties, the CRA will consider your request only if it relates to a tax year or fiscal period ending in any of the 10 calendar years before the year in which you make your request. For example, your request made in 2017 must relate to a penalty for a tax year or fiscal period ending in 2007 or later.

For interest on a balance owing for any tax year, the CRA will consider only the amounts that accrued during the 10 calendar years before the year in which you make your request. For example, your request made in 2017 must relate to interest that accrued in 2007 or later.

For information about the circumstances that may warrant relief from penalties or interest, go to cra.gc.ca/taxpayerrelief. To submit your request for relief, we recommend you use Form RC4288, *Request for Taxpayer Relief – Cancel or Waive Penalties or Interest*.

References
Subsection 220(3.1)
Information Circular IC07-1, *Taxpayer Relief Provisions*

Voluntary disclosures program

Under the voluntary disclosures program, you can correct inaccurate information or disclose previously omitted information. You may avoid being penalized or prosecuted if you make a full disclosure before we start any audit or investigation against you. You will only have to pay the taxes owing plus interest.

For more information, see Information Circular IC00-1, *Voluntary Disclosures Program*, or go to cra.gc.ca/voluntarydisclosures, or call the voluntary disclosures officer in your tax services office. If you wish, you can discuss your situation first on a no-name or hypothetical basis.

Chapter 6 – Determining the net income or loss of the partnership and partners

General information

A partnership that is required to file a partnership information return, as described on page 7, has to:

- prepare its financial statements and calculate its income or loss using the international financial reporting standards (IFRS) or the accounting standards for private enterprise (ASPE), whichever applies;

Notes

While the CRA does not specify that financial statements must be prepared following any particular type of accounting principles or standards, the Canadian Accounting Standards Board (AcSB) requires that publically accountable enterprises (PAEs) use IFRS in the

preparation of all interim and annual financial statements.

For the first year, when IFRS is adopted, partnerships are required to maintain additional documentation to support amounts filed on the general index of financial information (GIFI) and information returns.

For more information on IFRS books and records and other IFRS topics, go to cra.gc.ca/tx/bsnss/tpcs/frs/menu-eng.html.

- prepare its T5013 FIN, *Partnership Financial Return*;
- reconcile its income or loss for income tax purposes according to the Act and Regulations (using Form T5013 SCH 1, *Net Income (Loss) for Income Tax Purposes*), to determine the incomes and losses that the partnership can allocate to the partners;
- prepare the appropriate T5013 schedules and forms that apply in the circumstances;
- prepare its T5013SUM, *Summary of Partnership Income*, which summarizes all the amounts allocated to the partners; and
- prepare the T5013 slips, *Statement of Partnership Income*, for the partners.

For technical matters, you may need to refer to other sources of information about income tax legislation. For a list of publications that apply to partnerships, see “Appendix C – Related forms and publications” on pages 81 and 82.

Reference

Guide RC4015, *Reconciliation of Business Income for Tax Purposes*

Calculating the partnership’s income or loss

Partnership income

Under the Act, we generally consider a partnership to be a flow-through entity. Calculate the partnership’s income or loss as though the partnership is a separate entity, and flow the income or loss out of the partnership to the partners.

Net income or loss for income tax purposes

Use Schedule 1 to reconcile the difference between the partnership’s net income or loss reported on the financial statements and its net income or loss for income tax purposes. For more information on how to calculate net income or loss for income tax purposes, see “T5013 SCH 1, *Net Income (Loss) for Income Tax Purposes*” on page 34.

Business and non-business activities

The partnership can have a rental income or loss from a business or from property (a non-business activity). For more information on the difference between business and non-business rental activities, see Interpretation Bulletin IT-434, *Rental of Real Property by Individual*, and its Special Release.

Note

In this guide, when we discuss business income or loss, we include rental income or loss from a business

activity. When we discuss rental income or loss, we refer to the non-business rental income or loss from property.

Income sources

The partnership can have income from more than one source, such as business, professional, commission, farming, fishing, rental, and investment. If this is the case, calculate the income or loss from each source separately, on a working paper as follows:

- Calculate the partnership’s net income or loss for accounting purposes by preparing the financial statements.
- Apply the general rules of subsection 96(1) to calculate the net income or loss for income tax purposes.
- Allocate the resulting net income or loss for income tax purposes to the partners by completing the slips for the partners.

Note

When the partnership allocates income and losses to the partners, the income or losses keep their source identity. For example, dividend income a partnership earned is the partner’s dividend income.

Tax shelter investment

When an interest in the partnership is a tax shelter investment, the partnership’s expenditures may be reduced by the limited-recourse amounts that relate to the expenditures and by certain other amounts. For a partnership, a limited-recourse amount includes any financing for which recourse against any member of the partnership is limited, either immediately or in the future and either absolutely or contingently. Where a partnership has a tax shelter investment, that expenditure may also be reduced by the limited-recourse amounts that relate to that expenditure and by certain other amounts. A tax shelter investment is defined in subsection 143.2(1).

Reference

Subsections 143.2(1), 143.2(6), and 143.2(8)

Income from foreign sources

If the partnership earned income or realized capital gains from foreign property during the fiscal period, report these amounts on your return.

Unless the partnership is required to report using a functional currency, convert the foreign income earned by the partnership into **Canadian dollars** using the exchange rate in effect at the time of the transaction. If the transactions occurred at various times throughout the year, use an average exchange rate for the year.

Note

For capital transactions, you always have to use the exchange rate in effect at the time of the transaction.

Reference

Interpretation Bulletin IT-95, *Foreign Exchange Gains and Losses*

Business investment loss

A business investment loss is a capital loss from the actual or deemed disposition of certain capital properties.

It can arise from the partnership's arm's length dealings with a person on the disposition or deemed disposition of:

- a small business corporation's share; or
- a debt that a small business corporation owes to the partnership.

A business investment loss can also occur from the deemed disposition resulting from an election under subsection 50(1) for:

- a debt that a small business corporation owes to the partnership that is considered to be a bad debt at the end of the year, other than a debt from the sale of personal-use property; or
- a share of a small business corporation owned by the partnership at the end of the year (other than a share it received as consideration from the disposition of personal-use property) where the corporation:
 - has become bankrupt in the year;
 - is insolvent, and a winding-up order exists under the *Winding Up and Restructuring Act* and the order has been made in the year; or
 - is, at the end of the year, insolvent and neither the corporation nor a corporation it controls carries on business. Also, at the end of the year, the fair market value of the share is nil, and it is reasonable to expect that the corporation will be dissolved or wound up and will not commence to carry on business.

Calculate the business investment loss in a separate working sheet and report the partner's share in box 137 of the T5013 slip.

Generally the allowable loss is 50% of the actual loss. The allowable part of the loss is called an allowable business investment loss (ABIL).

A partner can deduct an ABIL against any other sources of income for the year.

If the ABIL is more than the partner's other income for the year, we consider that the excess is a non-capital loss, which the partner can carry back 3 years and forward 10 years.

If the partner cannot use all the non-capital loss that resulted from an ABIL against other income by the end of the 10-year carry-forward period, the unapplied non-capital loss that resulted from an ABIL becomes a net capital loss. As a net capital loss, the partner can carry it forward indefinitely, but can only apply it against taxable capital gains. For more information, see Guide T4037, *Capital Gains*.

References

Subsections 50(1), 111(1)
Guide T4037, *Capital Gains*
Interpretation Bulletin IT-484, *Business Investment Losses*

Capital cost allowance (CCA)

For the definition of CCA and other CCA information, see "T5013 SCH 8, *Capital Cost Allowance (CCA)*" on page 43.

The partnership can deduct CCA on the depreciable property it owns, to the extent allowed under the Regulations. The partnership can deduct CCA up to the

maximum available for the fiscal period, or it can deduct none at all. Generally, if a fiscal period is less than 12 months, you have to prorate the deduction based on the number of days in the fiscal period.

If the partnership's activities include a rental operation, some restrictions apply to the amount of CCA the partnership can claim for the rental assets. For more information, see "Restriction on rental buildings" on page 44.

References

Income Tax Folio S3-F4-C1, *General Discussion of Capital Cost Allowance*
Interpretation Bulletin IT-79, *Capital Cost Allowance – Buildings or Other Structures*
Interpretation Bulletin IT-147, *Capital Cost Allowance – Accelerated Write-Off of Manufacturing and Processing Machinery and Equipment*
Interpretation Bulletin IT-195, *Rental Property – Capital Cost Allowance Restrictions*
Interpretation Bulletin IT-274, *Rental Properties – Capital Cost of \$50,000 or More*
Interpretation Bulletin IT-371, *Rental property – Meaning of "Principal Business"*

Scientific research and experimental development (SR&ED)

Expenditures – Subsection 96(1) has special rules that apply when a partnership has incurred SR&ED expenditures in a fiscal period. Under this subsection, the partnership deducts the full amount of SR&ED expenses in the year they were incurred.

For more information on the scientific research and experimental development (SR&ED), go to cra.gc.ca/sred.

References

Paragraphs 96(1)(e.1) and (g)
SR&ED Program forms and publications

Investment tax credit recapture – The partnership may have claimed investment tax credits (ITCs) on materials that were consumed or on equipment that was used for SR&ED in Canada.

The cost of materials used in SR&ED does not generally qualify for SR&ED tax incentives unless the materials are consumed or transformed in the performance of SR&ED in Canada. At the end of a SR&ED project, the materials used in the project may be transformed and embedded in a product that has some value. With respect to equipment used for SR&ED, you may have intended to use it for more SR&ED but later changed its use or disposed of it.

In both cases, you may have to recapture some or all of the ITC in a year when **all** the following conditions are met. The partnership:

- acquired a particular property in the current year or in any of the 20 previous tax years, if the credit was earned in a tax year ending after 1997 and did not expire before 2008;
- claimed the cost or a portion of the cost of the property as a qualified expenditure for SR&ED on Form T661, *Scientific Research and Experimental Development (SR&ED) Expenditures Claim*;
- included the cost or a portion of the cost of the property in computing the ITC at the end of a fiscal period; and

- disposed of or converted the property to commercial use in the fiscal period. This condition is also met if the partnership disposed of, or converted to commercial use, a property that incorporated the property mentioned above.

If the partnership meets all of the above conditions, the amount of ITC the partnership has to recapture is the lesser of:

- the ITC earned for the property; or
- the amount calculated by applying the percentage used in calculating the ITC earned on the property to:
 - the proceeds of disposition of the property if you disposed of it to a person with whom you deal **at arm's length**; or
 - the fair market value of the property if you disposed of it to a person with whom you do **not** deal at arm's length.

Calculate the recapture for the fiscal period during which the property is disposed of or converted to commercial use. Deduct the ITC recapture from the ITC otherwise available to the partnership. If the partnership does not have enough ITC available to offset the recapture, add the excess to the partnership's pool of SR&ED expenditures for the **next** fiscal period.

Partners have to add their share of the excess to the amount of Part I tax calculated on their income tax return for the year. The partner should include their share of the excess ITC recapture amount on the corresponding line of the "Recapture of ITC on SR&ED expenditures" section of Part C on Form T2038(IND), *Investment Tax Credit (Individuals)*, or in Part 16 of Form T2 SCH 31, *Investment Tax Credit – Corporations*, whichever applies.

References

Subsections 13(21), 37(1), 127(27), (28), (30), and (35)
 Guide T4088, *Scientific Research and Experimental Development (SR&ED) Expenditures Claim – Guide to Form T661*

Royalty payments to a third party

The partnership may pay royalties to a third party. In this case, the partnership has to report the royalty payments on Form T5, *Statement of Investment Income*.

Contract payments to a third party

If your partnership has construction as its primary business activity and you make payments to subcontractors for construction services, the partnership has to report the contract payments on Form T5018, *Statement of Contract Payments*.

Allocating the income or loss to partners

General information

Partnerships usually allocate income, gains, losses, deductions, credits, and other amounts among the partners according to the terms of the formal partnership agreement. If there is no written agreement for this allocation, under provincial or territorial laws, partners may be entitled to share equally in the capital and profits of the business.

However, under subsection 103(1) or (1.1), we can revise a partner's share of the income or loss of the partnership to an amount that is reasonable in the circumstances.

Current members of a partnership – Generally, a partnership's net income and loss, adjusted for income tax purposes, flows through to the partners. However, various provisions of the Act can affect the amounts allocated to partners, depending on whether the partner is a **general partner, limited partner, or specified member**.

Retired partners – If a retired partner or a former member of the partnership is considered to be a member of the partnership under subsection 96(1.1), or subsection 96(1.01), and receives a share of the partnership's income or loss, prepare a T5013 slip for that partner. As of January 1, 2017, new partner code "6" is implemented for a retired member paid under subsection 96(1.1), at box 002 of the T5013 slip.

References

Subsections 96(1.01), 96(1.1), 103(1) and 103(1.1)
 Interpretation Bulletin IT-242, *Retired Partners*
 Interpretation Bulletin IT-278, *Death of a Partner or of a Retired Partner*

Losses

General partner – When general partners calculate their net income on their personal, corporate, or trust returns, they can deduct losses in the fiscal period to which they relate. If there is any excess, partners can usually include it in the calculation of their non-capital loss for the tax year.

The partner's non-capital losses can be carried back 3 years and forward for 20 years.

Reference

Paragraph 111(1)(a)

Limited partner – Each limited partner can deduct, on its income tax return, its share of the partnership's loss, up to the maximum of its at-risk amount (ARA) at the end of the partnership's fiscal period, reduced by any ITC, farming losses and resource expenses the partnership allocated to the limited partner for that fiscal period. The residual amount becomes that limited partner's limited partnership loss (LPL) which the limited partner can carry forward indefinitely and deduct in a later year when the limited partner has a positive ARA for the partnership after deducting the amounts specified under subparagraph 111(1)(e)(ii).

The LPL rules **do not** restrict farming losses that a partnership incurs and allocates to limited partners.

References

Subsection 96(2.1)
 Paragraph 111(1)(e)

Restricted farm losses

Each partner, including the limited partner, may have to restrict a farm loss under section 31. If the partnership has a loss from a farming business, the rules on restricted farm losses apply to each partner, not to the partnership. Use box 124 of the T5013 slip to allocate farming income and losses to partners that are not limited partners.

Limited partners – Use box 101 of the T5013 slip to allocate farming income and losses to limited partners.

Reference

Section 31

Scientific research and experimental development (SR&ED)

Limited partners – You cannot allocate to a limited partner a loss that has been created or increased by SR&ED expenses. When you calculate the amount of the loss for income tax purposes to allocate to the limited partners, reduce the loss by the amount of the SR&ED expenses deducted, or by the amount of the loss, whichever amount is **less**. This applies to SR&ED expenses incurred inside or outside Canada.

Example

Biz Partnership has one limited partner. Its net income for the fiscal period ending December 31, 2016, was \$30,000 before deducting SR&ED expenses of \$45,000.

Calculating the partnership's business loss and the business loss to be allocated to the limited partner		
Net partnership income before deducting SR & ED expenses		\$30,000
Minus: SR&ED expenses		<u>\$45,000</u>
Partnership net loss for the period		(\$15,000)
Reduced by the lesser of:		
SR&ED expenses	\$45,000	
Net loss	\$15,000	<u>(\$15,000)</u>
Business loss to be allocated to the limited partner (box 104)		<u>nil</u>

The loss that **cannot be** allocated to the limited partners:

- is not allowed to other partners;
- does not become a limited partnership loss;
- does not become a non-capital loss; and
- does not affect the adjusted cost base of the limited partner's interest in the partnership.

Note

If your partnership has incurred expenditures during the fiscal period for SR&ED carried on in Canada, the partnership should file Form T661, *Scientific Research and Experimental Development (SR&ED) Expenditures Claim*.

To facilitate processing, file Form T661 with the partnership information return and attach the completed Form T661 and its related schedules to the front of the return for that fiscal period. If you file your return electronically, send Form T661 to your tax centre.

Form T661 should be filed **no later than** 12 months after the earliest of all filing due dates for the return of income of the members for the tax year in which the partnership's fiscal period ends so that each member would then be able to meet their deadline to claim the SR&ED investment tax credit allocated to them.

References

Eligibility of Work for SR&ED Investment Tax Credits Policy at cra.gc.ca/txcrdt/sred-rsde/clmng/lgblywrkfrsrndvstmnttxcrdts-eng.html
SR&ED Claims for Partnerships Policy at cra.gc.ca/txcrdt/sred-rsde/clmng/clmsfrprtrnrshpsply-eng.html.

Chapter 7 –T5013 FIN, Partnership Financial Return

General information

Form T5013 FIN, *Partnership Financial Return*, is the first part of the partnership information return. It provides information about the partnership's operations for the fiscal period.

As well, it includes a checklist of forms and schedules that you need to attach to the T5013 FIN.

Note

Full disclosure is required pertaining to all documents relating to the partnership information return. All the information requested on the T5013 FIN, *Partnership Financial Return*, T5013SUM, *Summary of Partnership Income*, T5013 schedules, T5013 slips, and in the documents supporting your information return is "prescribed information."

Filling out the T5013 FIN, Partnership Financial Return

Page 1 of the financial return

Identification

Accurately fill out page 1 of your financial return so we can properly identify the partnership or tax shelter, and process the return faster.

Partnership's account number

Enter the 15-character account number, which includes the RZ program identifier the CRA assigned to the partnership. For more information about the account number, see "Partnership account number" on page 16.

Note

You have to enter your account number at the top of each page of your financial return.

Partnership's name and operating/trading name

Enter the partnership's name exactly as per registration and the partnership's full operating/trading name, where applicable. Do not use abbreviations and ensure the punctuation is correct.

Address areas

If your address has changed since you last filed a return and you wish to file your return electronically, ensure you update your address with us prior to the electronic submission of the T5013 FIN, all schedules, T5013SUM, and slips.

You can change any of your addresses using one of the following methods:

Online – Owners can change the mailing, head office, and books and records address of their business by using the "Manage addresses" service in My Business Account at cra.gc.ca/mybusinessaccount. Authorized representatives can also access this online service through Represent a Client at cra.gc.ca/representatives.

By telephone – Call 1-800-959-5525;

By mail or fax – Send your request by mail or by fax to your tax centre. Include the following information:

- an authorized partner’s signature;
- your business number (BN);
- your new address; and
- the effective date of the change.

For more information on how to change your addresses, go to cra.gc.ca/tx/bsnss/tpcs/lf-vnts/chngddrss-eng.html.

Location of the partnership’s head office

Has this location changed since the last time you filed a partnership information return?

Tick (✓) the Yes or No box, whichever applies. If you answer **yes**, provide the complete address of the new location of your head office including the street number, street, city, province/territory/state, country, and postal code or zip code in the appropriate areas.

See “Appendix A – Canadian province or territory, or U.S. state, territory, or possession codes” on page 78, and “Appendix B – Country codes” on page 79.

If this is the first fiscal period for which you are filing, you must answer **yes** and fill out the applicable areas.

Mailing address of the partnership (if different from the head office address)

Fill out this area only if your mailing address is different from your head office address.

Location of the partnership’s books and records (if different from the head office address)

Fill out this area only if the location of books and records is different from your head office address.

Has this location changed since the last time you filed a partnership information return?

Tick (✓) the Yes or No box, whichever applies. If you answer **yes**, provide the complete address of the new physical location of your books and records, including the street number, street, city, province/territory/state, country and postal code or zip code in the appropriate areas.

See “Appendix A – Canadian province or territory, or U.S. state, territory, or possession codes”, on page 78, and “Appendix B – Country codes”, on page 79.

If this is the first fiscal period for which you are filing, you must answer **yes**, and fill out the applicable areas if the physical location of books and records is different from your head office address.

Line 040 – Is this an amended return?

If this financial return is an amended form, tick (✓) the Yes box and attach a note to explain the changes you made. Otherwise, tick (✓) the No box. If you file your return electronically, send the notes to explain the changes to your tax centre.

Lines 060 and 061 – Fiscal period to which this information return applies

Identify the fiscal period to which the return applies by entering its start and end dates. Enter four digits for the

year, two digits for the month and two digits for the day. See the example below.

Example

Fiscal period starting on May 1, 2015, and ending on April 30, 2016

Fiscal period start	Fiscal period end*
060 2 0 1 5 / 0 5 / 0 1	061 2 0 1 6 / 0 4 / 1 3 0
YYYY / MM / DD	YYYY / MM / DD

A partnership’s fiscal period cannot exceed 12 months in length. Generally, the partnership’s fiscal period is the same from year to year unless you have received approval to change the fiscal period. For more information, see “How to change the partnership’s fiscal period end” on page 20.

You do not need our approval for a short fiscal period when the partnership ceases to exist. However, it does affect the due date of the partnership information return. If this is the case, enter the date of dissolution for the fiscal period end. For more information, see “Fiscal period” on page 84.

Reference

Interpretation Bulletin IT-364, *Commencement of Business Operations*

Line 062 – The end members of this partnership are (tick the applicable boxes)

As explained in the section called “Chapter 4 – Due dates” on page 19, the due date for filing the return depends on the type of partners, including end members.

Tick (✓) the **Individuals (including trusts)** box, if all partners, including end members, are:

- individuals;
- trusts; or
- a combination of individuals and trusts.

Tick (✓) the **Corporations** box, if all partners, including end members, are corporations.

Tick (✓) both boxes if all partners, including end members, are a combination of individuals (including trusts) and corporations.

Providing inaccurate information in this section may cause a change to your filing due date, which then may result in the application of, or a change to, a late-filing penalty as described in the “Late filing” section starting on page 21.

Lines 070 and 071 – Is this the first year of filing?

If this is your **first year** of filing, you must tick (✓) the **Yes** box and enter the date the partnership was created on line 071. Enter four digits for the year, two digits for the month and two digits for the day.

Line 073 – Number of T5013 slips

Enter the number of T5013 slips issued to partners or investors for the fiscal period on line 073.

When there is no income, loss or other amount that has to be allocated to partners, you do not need to issue a T5013 slip. In this case enter zero on line 073. You will need

to inform the partners that there will not be any slips issued.

In the situation where there is no allocation to a particular partner, you do not need to issue a T5013 slip to that partner. However, you will need to inform that partner that a T5013 slip will not be issued. For example, the partnership has five partners and one partner is a retired partner that has an income interest pursuant to subsection 96(1.1) where only income is allocated and not losses. If the partnership has only losses in that particular year, the retired partner will not have any allocation and therefore a T5013 slip is not required. In this case you will need to enter 4 on line 073 but include all five partners on Schedule 50.

Line 078 – Is this the partnership’s final information return up to dissolution?

Tick (✓) the Yes or No box, whichever applies.

You have to answer **yes** if you are filing your final information return for a fiscal period ending on the date of dissolution. Enter this date for the fiscal period end in line 061.

Line 079 – If an election was made under section 261 by one or more partners, state the functional currency used for this return

Only partnerships whose corporate members have made the election will be affected by this.

If the financial information for the fiscal period is recorded in a functional currency, enter the functional currency used on line 079. For more information, see “Functional currency reporting – Election under section 261” on page 11.

Line 082 – Was the partnership a Canadian partnership throughout the fiscal period?

Tick (✓) the Yes or No box, whichever applies.

Line 086 – Type of partnership at the end of the fiscal period

Tick (✓) the box that describes the partnership type at the end of the fiscal period. The partnership type determines whether or not the partnership’s members or investors are entitled to certain allocations and deductions.

Partnerships that are **not tax shelters**:

- 01 General partnership
- 02 Limited partnership
- 03 Limited liability partnership
- 08 Investment Club

Partnerships that **are tax shelters**:

- 11 General partnership
- 12 Limited partnership
- 13 Co-ownership
- 19 Other (specify below)

Note

Co-ownership in and of itself may not necessarily constitute a partnership. See Income Tax Folio S4-F16-C1, *What is a Partnership?*

Line 087 – If the partnership is a tax shelter (TS), enter the TS identification number

If the partnership is a tax shelter, enter the six digits of the tax shelter identification number on line 087. For more information about this number, see “The tax shelter identification number” on page 13.

Page 2 of the financial return

Header

At the top of page 2, enter the same partnership’s account number and fiscal period end that you entered in the identification section on page 1.

Documents required to be attached to this T5013 FIN, Partnership Financial Return

The partnership must provide the following with the partnership financial return:

- the T5013SUM, *Summary of Partnership Income* and a copy of the T5013, *Statement of Partnership Income* issued to partners and nominees or agents;
- the GIFI Schedules 100, 125, 140 and 141 (see 1 on this page);
- Schedule 1 and Schedule 50 (see 2 on this page); and
- all schedules and forms that are applicable (see 3 on this page).

1. GIFI schedules – Financial statement information

The partnership should include complete financial statements using the general index of financial information (GIFI). If you file a paper return, include a copy of the notes to the financial statements with the return. If you file the return electronically, do not send the paper copy of the notes to the financial statements to your tax centre. If we need the notes to the financial statements, we will ask for them. For more information, see “GIFI schedules” on page 61.

2. Income tax and partners’ information

The partnership should fill out and include the schedule T5013 SCH 1, *Net Income (Loss) for Income Tax Purposes*, to adjust the partnership’s net income or loss for income tax purposes.

For more information on how to fill out this schedule, see “T5013 SCH 1, *Net Income (Loss) for Income Tax Purposes*” on page 34.

The partnership should also fill out and include the T5013 SCH 50, *Partner’s Ownership and Account Activity*.

Member’s information: Fill out Schedule 50 to record all the changes in each partner’s ownership, and all activities in its partnership interest account during the fiscal period.

For each member of the partnership during the fiscal period, give the details requested in **each box** of the schedule.

For more information on how to fill out this schedule, see “T5013 SCH 50, *Partner’s Ownership and Account Activity*” on page 54.

3. Other schedules, forms, and documents

The partnership may have to provide other schedules, forms, or documents depending on its circumstances.

For each **yes** answer to the questions on lines 150 to 259, you have to file the T5013 Schedule(s), form(s), or document(s) that apply as described in the following sections.

T5013 schedules

Include the following completed schedule(s) with your financial return or file as instructed.

Note

These are presented in the same order as on page 2 of the financial return.

T5013 SCH 9, List of Partnerships (Schedule 9)

Line 150 – Fill out Schedule 9 if, at any time during the fiscal period, the partnership was a member of another partnership, either directly or indirectly through one or more partnerships.

For more information on how to complete this schedule, see “T5013 SCH 9, List of Partnerships on page 51.

Reference Section 251

T2058, Election on Disposition of Property by a Partnership to a Taxable Canadian Corporation

Line 162 – This is a joint election form that can be used when the partnership has disposed of property to a corporation and has received as consideration shares of any class of the capital stock of the corporation. All the members of the partnership and the taxable Canadian corporation can jointly elect under subsection 85(2). If you file your return electronically, send Form T2058 to your tax centre.

References Subsection 85(2) Information Circular IC76-19, *Transfer of Property to a Corporation Under Section 85* Form T2058, *Election on Disposition of Property by a Partnership to a Taxable Canadian Corporation*

T2059, Election on Disposition of Property by a Taxpayer to a Canadian Partnership

Line 162 – This is a joint election form that can be used when a member of the partnership disposes of property to a Canadian partnership. The partner and partnership can jointly elect under subsection 97(2). If you file your return electronically, send Form T2059 to your tax centre.

References Subsection 97(2) Form T2059, *Election on Disposition of Property by a Taxpayer to a Canadian Partnership* Interpretation Bulletin IT-413R, *Election by Members of a Partnership under subsection 97(2)*

T2060, Election for Disposition of Property upon Cessation of Partnership

Line 162 – This is a joint election form that can be used when a Canadian partnership ceases to exist and all the partnership property has been distributed to persons who were members of the partnership immediately before the partnership ceased to exist. The partners can jointly elect under subsection 98(3). If you file your return electronically, send Form T2060 to your tax centre.

References Subsection 98(3) Interpretation Bulletin IT-471R, *Merger of Partnerships* Form T2060, *Election for Disposition of Property upon Cessation of Partnership*

T106, Information Return of Non-Arm’s Length Transactions with Non-Residents

Line 171 – Fill out and submit this form if, at any time in your partnership’s fiscal period, the partnership had a total amount over \$1 million of reportable transactions with non-arm’s length non-residents.

For more information on how to fill out Form T106, see “Non-arm’s length transactions with non-residents” on page 76. If you file your return electronically, send Form T106 to:

**Ottawa Technology Centre
Data Assessment and Evaluation Program
Validation and Verification Section
Foreign Reporting Returns
875 Heron Road
Ottawa ON K1A 1A2**

T1134, Information Return Relating To Controlled and Not-Controlled Foreign Affiliates (2011 and later taxation years)

Line 172 – This information return consists of a summary and an information return. A separate supplement must be filed for each foreign affiliate (non-resident corporation or non-resident trust) or controlled foreign affiliate (CFA) of the partnership. For more information, see “Foreign affiliates” on page 76. A paper copy of this return must be filed separately. **Currently this return cannot be filed electronically. This return is due 15 months after the end of the partnership’s fiscal period.** Please send the original return, amended return or any additional information to:

**Ottawa Technology Centre
Data Assessment and Evaluation Program
Validation and Verification Section
Foreign Reporting Returns
875 Heron Road
Ottawa ON K1A 1A2**

T5013 SCH 2, Charitable Donations, Gifts, and Political Contributions (Schedule 2)

Line 202 – Fill out Schedule 2 if, during the fiscal period, the partnership made charitable donations, gifts to Canada, a province or territory, gifts of certified cultural property, gifts of certified ecologically sensitive land, gifts of medicine, federal political contributions, or municipal, provincial or territorial political contributions.

For more information on how to fill out this schedule, see “T5013 SCH 2, Charitable Donations, Gifts, and Political Contributions” on page 37.

T5013 SCH 5, Allocation of Salaries and Wages, and Gross Revenue for Multiple Jurisdictions (Schedule 5)

Line 205 – Fill out Schedule 5 if, during the fiscal period, the partnership had income from multiple jurisdictions (provinces, territories, and/or other countries).

For more information on how to fill out this schedule, see “T5013 SCH 5, Allocation of Salaries and Wages, and Gross Revenue for Multiple Jurisdictions” on page 39.

T5013 SCH 6, Summary of Dispositions of Capital Property (Schedule 6)

Line 206 – Fill out Schedule 6 if, during the fiscal period, the partnership disposed of capital property and incurred any capital losses, or realized any capital gains.

For more information on how to fill out this schedule, see “T5013 SCH 6, *Summary of Dispositions of Capital Property*” on page 39.

T5013 SCH 8, *Capital Cost Allowance (CCA)* (Schedule 8)

Line 208 – Fill out Schedule 8 if the partnership has property that is eligible for capital cost allowance.

For more information on how to fill out Schedule 8, see “T5013 SCH 8, *Capital Cost Allowance (CCA)*” on page 43.

T5013 SCH 10, *Calculations Relating to Cumulative Eligible Capital* (Schedule 10)

Line 210 – Fill out Schedule 10 if the partnership has assets that are eligible for a cumulative eligible capital amount.

For more information on how to fill out this schedule, see “T5013 SCH 10, *Calculations Relating to Cumulative Eligible Capital*” on page 51.

T5013 SCH 12, *Resource-Related Deductions* (Schedule 12)

Line 212 – Fill out Schedule 12 if the partnership incurred resource related expenses (other than resource expenses renounced to the partnership).

For more information on how to fill out this schedule, see “T5013 SCH 12, *Resource-Related Deductions*” on page 53.

Calculation and allocation of investment tax credits (ITCs)

Line 231 – If you answer **yes** to the question at line 231, attach a document to the financial return providing a detailed calculation of the partnership’s ITCs and their allocation to the partners. If you file your return electronically, send the detailed calculation of the partnership’s ITC to your tax centre.

For ITC codes and rates see “Box 189 – ITC type code on page” 73.

T661, *Scientific Research and Experimental Development (SR&ED) Expenditures Claim*

Line 232 – If your partnership has incurred expenditures during the fiscal period for SR&ED carried on in Canada, the partnership should file Form T661, *Scientific Research and Experimental Development (SR&ED) Expenditures Claim*. The partnership should attach the completed Form T661 and its related schedules to the front of its return for that fiscal period. If you file your return electronically, send Form T661 to your tax centre.

Note

To facilitate processing, Form T661 should be filed with the partnership information return. The partnership should file Form T661 **no later than 12 months** after the earliest of all filing due dates for the return of income of the members for the tax year in which the partnership’s fiscal period ends so that each member would then be able to meet their deadline to claim the SR&ED investment tax credit allocated to them.

T5013 SCH 52, *Summary Information for Partnerships that Allocated Renounced Resource Expenses to their Members* (Schedule 52)

Line 252 – Fill out Schedule 52 if the partnership, or another partnership of which your partnership is a member, invested in flow-through shares of a principal-business corporation that:

- incurred Canadian exploration expenses or Canadian development expenses; and
- renounced those expenses to the partnership.

In this case, the principal-business corporation will issue a T101, *Statement of Resource Expenses*, slip to your partnership.

Note

The partnership (partnership A) may have invested in flow-through shares indirectly, through its membership in another partnership (partnership B). If that is the case, partnership A will not receive a T101. Instead, partnership A will receive a T5013 slip from partnership B, and the T5013 slip will include the information necessary to fill out Schedule 52.

For information on how to fill out this schedule, see “T5013 SCH 52, *Summary Information for Partnerships that Allocated Renounced Resource Expenses to their Members*” on page 59.

T1135, *Foreign Income Verification Statement*

Line 259 – Tick “Yes” if the total cost of all the specified foreign property the partnership owned or held was more than CAN\$100,000 at any time in the fiscal period. If so, fill out and file Form T1135, *Foreign Income Verification Statement*.

For information on the property you are required to report, see Form T1135, *Foreign Income Verification Statement*.

Form T1135 must be filed on or before the due date of your return, even if a return is not required to be filed. The completed Form T1135 can be attached to your return. If you file your return electronically, send Form T1135 separately to your tax centre.

If your partnership is not required to file a partnership information return but is required to file Form T1135, you will need to obtain a partnership RZ account number for this purpose. For more information, see “Getting a partnership account number” on page 17.

Other documents

Generally, the partnership does not have to send us official receipts with its return. However, you have to keep the following documents with your other official records in case we ask to see them:

- copy two of the T101, *Statement of Resource Expenses*, slip(s) the partnership received from the principal-business corporation which support the amounts reported on your Schedule 52;
- copy two of each of the Form T5013, *Statement of Partnership Income*, and Form T5003, *Statement of Tax Shelter Information*, slip(s) the partnership received from the tax shelter which support the amounts on Form T5004, *Claim for Tax Shelter Loss or Deduction*;
- copies of any slips which support the tax deductions at source that you reported in box 168 of the T5013 slips;
- a copy of Form T2064, *Certificate – Proposed Disposition of Property by a Non-Resident of Canada*, or Form T2068, *Certificate – The Disposition of Property by a Non-Resident of*

Canada, that we issued in accordance with subsection 116(5.2); and

- any other official receipts which support the allocation of amounts to the partners.

Page 3 of the financial return

Header

At the top of page 3, enter the same partnership's account number and fiscal period end you entered on lines 001 and 061 on page 1.

Additional information

For each question on lines 270 to 304, tick (✓) the Yes or No box, and, when required, provide the particular information.

Line 270 – Did the partnership use the international financial reporting standards (IFRS) when it prepared its financial statements?

If the partnership used IFRS to prepare its financial statements, answer "Yes" to this question.

Line 271 – Was a slip issued to one or more nominees or agents?

Tick (✓) the Yes or No box, whichever applies.

Line 272 – Does the partnership agreement require that the nominee(s) or agent(s) complete and file any of the documents identified on page 2?

Tick (✓) the Yes or No box, whichever applies.

Line 273 – Does the partnership have one or more new nominees or agents?

Tick (✓) the Yes or No box, whichever applies.

Line 274 – Did the partnership allocate any amount of income tax deducted at source?

If the partnership allocated any amount of income tax withheld at source from amounts paid or credited to the partnership in the fiscal period, tick (✓) the Yes box.

Line 275 – Did the partnership make any other election(s) under the *Income Tax Act* during the fiscal period?

If you answer **yes** to this question, attach a copy of any other election form(s) to this return. If you file your return electronically, send any other election form(s) to your tax centre.

Lines 277 to 279 – Is this partnership the continuation of one or more predecessor partnerships since it last filed a partnership information return?

If your answer is **yes** to this question, you have to provide the business number (BN) of each predecessor partnership(s) on lines 278 and 279. If there are more than two predecessor partnerships, attach a note to this return with the BN of each additional partnership. If you file your return electronically, send the notes to explain the BN of each additional partnership to your tax centre.

Continuation of a predecessor partnership relates to the following – Where a Canadian partnership ceases to exist (the predecessor partnership) and all of its property is transferred to another Canadian partnership whose partners were all partners in the predecessor partnership, the new partnership is deemed to be a continuation of the predecessor partnership and each partner's partnership

interest in the new partnership is deemed to be a continuation of his partnership interest in the predecessor partnership. These provisions simplify the changes that frequently take place in partnerships when one or more partners terminate their association but the remaining partners carry on the partnership's business as a new partnership.

Line 280 – Was the partnership inactive throughout the fiscal period this information return applies to?

Even if the partnership did not operate throughout the fiscal period (it was inactive), it may still have to file a return.

Line 291 – Did members of the partnership immigrate to Canada during the fiscal period?

Tick (✓) the Yes or No box, whichever applies.

Line 292 – Did members of the partnership emigrate from Canada during the fiscal period?

Tick (✓) the Yes or No box, whichever applies.

Line 295 – If the major business activity is construction, did you have any subcontractors during the fiscal period?

Major business activity – All individuals, partnerships, and corporations whose principal business activity is construction have to report payments made to subcontractors. For these purposes, construction is defined as erecting, excavating, installing, altering, modifying, repairing, improving, demolishing, dismantling, or removing any structure or part, including but not limited to buildings, roads, and bridges.

Who is a subcontractor? – A subcontractor is an individual, partnership, or corporation that provides construction services. For more information, go to the Contract Payment Reporting System (CPRS) webpage at cra.gc.ca/contract.

Line 296 – Did the partnership report its farming or fishing income using the cash method?

Tick (✓) the Yes or No box, whichever applies.

Income from farming or fishing may be computed according to the cash method if the taxpayer so elects. The election is made by filing a return for a tax year wherein the income for that year from farming or fishing is computed in accordance with the cash method authorized by section 28.

However, where the farming or fishing business is carried on by two or more persons jointly as partners or otherwise, an election to compute the income on a cash basis is not valid unless each of the persons who jointly carry on the farming or fishing business files a return in which the income from that business is computed in accordance with the cash method.

Once the cash method is adopted, future farming or fishing income from the same source must be computed by the same method unless an alternative method is adopted with the concurrence of the minister which may be given upon such terms and conditions as are specified by the minister.

Miscellaneous information

Lines 297 and 298 – Is this a publicly traded partnership?

If your answer is **yes** to question 297, you have to answer **yes** to question 298 when Form T5008, *Statement of Securities Transactions* has been issued to a partner who disposed of its interest (or part of it) in the partnership.

Lines 301 to 303 – Was an NR4 information return for tax deductions withheld at source filed for the fiscal period? If your answer is **yes** at line 301, you have to provide the partnership non-resident account number beginning with the letters NR on line 302 and tick (✓) the **Yes** or **No** box on line 303.

Lines 304 to 306 – Is this partnership a specified investment flow-through (SIFT) partnership?

If your answer is **yes** at line 304, enter the taxable non-portfolio earnings for the tax year subject to Part IX.1 tax on line 305, and the amount of tax payable under Part IX.1 for the tax year on line 306. See “Specified investment flow-through (SIFT) partnerships” on page 12 and also in the “Definitions” section on page 88.

Line 307 – Enter the amount of the late filing penalty from line 307 of Schedule 52

If your partnership allocated renounced resource expenses to its members and has to pay a penalty under subsections 66(12.74) and (12.75), enter the amount of the penalty on line 307. The penalty is the amount you calculated at line 307 on Form T5013 SCH 52.

Line 308 – Amount of payment enclosed with this return
Enter the total amount of the payment enclosed with this return.

Note

On lines 305, 306, and 308:

- Enter the amount in dollars and cents;
- Do not use a comma to separate thousands;
- Do not use the dollar sign;
- Do not use a period to separate dollars and cents;
- Use a space to separate dollars and cents; and
- If no entry is required, leave boxes and areas blank. Do not use zeroes (000 00), dashes (-), nil, or N/A in the boxes or financial areas that you are not using. See the following example.

Example

305 856751 25

Page 4 of the financial return

Header

At the top of page 4, enter the same partnership’s account number and fiscal period end you entered on lines 001 and 061 on page 1.

Additional information for all partnerships (including tax shelters that are partnerships)

Lines 400 and 402 – Name and identification number of the partner designated under subsection 165(1.15)

Provide the name and identification number of the partner that the partners designated as the person having the right to object for the partnership to a determination under subsection 152(1.4). Under that subsection, we can determine any income or loss of the partnership for a fiscal period and any deduction or other amount, or any other matter, relevant in determining the tax liability of any

member of the partnership. The same partner will also have the right to waive the three-year time limit for making a determination under subsection 152(1.4).

Additional information for tax shelters only

Lines 500 to 502 – Principal promoter

Where the partnership is a tax shelter, provide the complete name and the identification number of the principal promoter.

The promoter can be an individual, a corporation, a trust, or another partnership. Therefore the identification number can be:

- for an individual, his social insurance number;
- for a corporation or another partnership, the business number assigned by the CRA; or
- for a trust, the trust account number assigned by the CRA.

Certification

Lines 950 to 956

Provide the information requested. The authorized signing officer of the partnership has to sign in the space provided. We will contact that person if we need more information to process the partnership information return or when we review it.

If you want us to contact another individual (for example, an accountant, a lawyer, or an employee), a group, or a firm as your representative for information related to your business accounts, we will need your consent. You can authorize a representative online using My Business Account. Alternatively you can give this consent by sending completed Form RC59, *Business Consent*, to your tax center.

Language of correspondence

Line 990

Tick (✓) whichever language box that applies.

Order of attachments

To facilitate the processing of your return, attach the forms and schedules in the following order when you file your paper return:

On the front of the Form T5013 FIN, *Partnership Financial Return*:

- Form T661 (if applicable)
- a cheque, if you are filing the return late and a penalty applies (calculated on Form T5013 SCH 52), or if the partnership is a SIFT and has to pay income tax for the tax year

On the back of the Form T5013 FIN, *Partnership Financial Return*:

- schedules in numeric order
- notes to the financial statements and the auditor or accountant’s report if applicable, in numeric order
- any other form(s), such as the T106, T1135, T2058, T2059, or T2060 in numerical order

- any other document(s), which support the deductions at source
- T5013SUM, *Summary of Partnership Income*
- T5013 slips

Chapter 8 – T5013 Schedules

On page 2 of Form T5013 FIN, *Partnership Financial Return*, you answered a list of questions covering the requirement to file schedules, forms, or documents. This chapter provides information and instructions on how to fill the schedules listed below:

- T5013 SCH 1, *Net Income (Loss) for Income Tax Purposes*
- T5013 SCH 2, *Charitable Donations, Gifts, and Political Contributions*
- T5013 SCH 5, *Allocation of Salaries and Wages, and Gross Revenue for Multiple Jurisdictions*
- T5013 SCH 6, *Summary of Dispositions of Capital Property*
- T5013 SCH 8, *Capital Cost Allowance (CCA)*
- T5013 SCH 9, *List of Partnerships*
- T5013 SCH 10, *Calculations Relating to Cumulative Eligible Capital*
- T5013 SCH 12, *Resource-Related Deductions*
- T5013 SCH 50, *Partner's Ownership and Account Activity*
- T5013 SCH 52, *Summary Information for Partnerships that Allocated Renounced Resource Expenses to their Members*

GIFI schedules

- T5013 SCH 100, *Balance Sheet Information*
- T5013 SCH 125, *Income Statement Information*
- T5013 SCH 140, *Summary Statement*
- T5013 SCH 141, *Financial Statement Notes Checklist*

You can download schedules, forms, and publications at cra.gc.ca/forms.

T5013 SCH 1, Net Income (Loss) for Income Tax Purposes

General information

Use Form T5013 SCH 1, *Net Income (Loss) for Income Tax Purposes* (Schedule 1), to reconcile the difference between the partnership's net income or loss reported on the financial statements and its net income or loss for tax purposes.

You may need to prepare a working paper showing the breakdown into the separate amounts reported on the partners' T5013 slips. Do not send this working paper to the CRA unless we ask for it.

Reconciling the partnership's net income or loss for income tax purposes

Generally, the net income or loss reported on your partnership's financial statements will not be the same as

the net income or loss required for tax purposes. This is because:

- some operating costs and expenses that the partnership incurred and deducted on the partnership's financial statements are not allowable for tax purposes, and others are applied outside of the partnership; and
- the partnership may have received non-taxable income which you should deduct from income when you calculate the partnership's income for income tax purposes.

Examples

- Salary or wages paid to partners are not allowable for tax purposes.
- Charitable donations are not deductible when determining your partnership's net income for tax purposes.
- Deductions for exploration, development and resource property expenses, and renounced expenses apply to members of the partnership and are not allowable for calculating the partnership's income or loss for tax purposes. The partnership should allocate these amounts in separate boxes on the slip so the partners can use these amounts when they calculate their own income or loss.

If you have such expenses or non-taxable income, the partnership's net income or loss after extraordinary items on the partnership's income statement will differ from the partnership's net income or loss for income tax purposes.

In this case, use Schedule 1 to reconcile the partnership's net income or loss reported on its financial statements and the net income or loss required for income tax purposes.

Supporting schedules

You may have to use the following schedules to calculate certain amounts on Schedule 1:

- T5013 SCH 2, *Charitable Donations, Gifts, and Political Contributions*
- T5013 SCH 6, *Summary of Dispositions of Capital Property*
- T5013 SCH 8, *Capital Cost Allowance (CCA)*
- T5013 SCH 10, *Calculations Relating to Cumulative Eligible Capital*
- T5013 SCH 12, *Resource-Related Deductions*
- T5013 SCH 52, *Summary Information for Partnerships that Allocated Renounced Resource Expenses to their Members*
- Form T661, *Scientific Research and Experimental Development (SR&ED) Expenditures Claim*.

Filling out Schedule 1

Page 1

Identification

Enter your partnership's name, account number, and fiscal period end in the appropriate boxes at the top of the schedule.

Original or Amended

Tick (✓) the appropriate box.

Line 999 – Is this a NIL schedule?

Tick (✓) “Yes” if you do not have anything to report. To help us process the schedule efficiently and quickly, do not use zeroes (000 00), dashes (-), nil, or N/A on the lines.

To calculate the net income or loss for income tax purposes:

Line 500 – Amount calculated on line 9999 from Schedule 125 or Schedule 140

Enter the financial statement net income or loss indicated at line 9999 of Schedule 125, or Schedule 140 (if applicable).

Add:

Lines 101 to 156, and line 199

Lines 101 to 156

These items are the **most common** additions of the non-allowable expenses and the taxable items. Enter the amounts on lines 101 to 156 as they apply to your partnership.

Some specific adjustment items for the reconciliation

Line 112 – Charitable donations and gifts from Schedule 2
Charitable donations and gifts – The eligible amount of the charitable donations and other gifts are eligible for non-refundable tax credits for individuals and deductions for corporations.

We consider that the partners made the gift in their own tax year in which the partnership’s fiscal period ends. The partnership **cannot** deduct charitable donations and other gifts when calculating its income or loss for tax purposes. If a partnership deducted such amounts from its income for accounting purposes, add them back to calculate the partnership’s income or loss for tax purposes.

Reference

Subsections 118.1(8) and 248(30)

Gift of a non-qualifying security – Special rules apply if the partnership donates a non-qualifying security (other than an excepted gift) described in subsection 118.1(18) to a qualified donee. In this case, we consider the donation not to have been made. However, if the donee disposes of the donated non-qualifying security, or if the security ceases to be a non-qualifying security, before the end of the 60 month period after the donation, we consider the partnership to have made the donation at that later time. The value of the property is the **lesser** of:

- the fair market value (FMV) of the security at the time it was actually donated; or

if at a later time:

- the security ceased to be a non-qualifying security, the FMV of the security at that later time; or
- the security was disposed of by the donee, the FMV of the consideration received by the donee.

Reference

Subsection 118.1(13)

Cultural and ecological gifts – The eligible amount of the cultural and ecological gifts is eligible for non-refundable tax credits for individuals and deductions for corporations.

We consider that the partners made the gift in their own tax year in which the partnership’s fiscal period ends. The partnership **cannot** deduct cultural and ecological gifts when it calculates income or loss for tax purposes. If the partnership deducted such amounts from its income for accounting purposes, add them back to calculate the partnership’s income or loss for tax purposes.

Unlike other donations, the partner’s claim for cultural and ecological gifts is not limited to the percentage specified for charitable donations and government gifts. Partners can choose the part of their donations they want to claim in a tax year and can carry forward any unused part for up to five years after the tax year.

Reference

Subsections 110.1 (4) and (5), 118.1(8) and 248(30)

Capital gain (loss) on property the partnership donated –

You may have to report any capital gain or loss on property that the partnership donated. Generally for capital gains arising from gifts, the inclusion rate is 50%. For more information, see “T5013 SCH 6, *Summary of Dispositions of Capital Property*” on page 39.

Reference

Pamphlet P113, *Gifts and Income Tax*

Line 114 – Political contributions from Schedule 2

We consider that the partners made the political contribution in their own tax year in which the partnership’s fiscal period ends. The partnership **cannot** deduct these when calculating its income or loss for tax purposes. If the partnership deducted such amounts from its income for accounting purposes, add them back to calculate the partnership’s income or loss for tax purposes.

Reference

Subsections 127(3), (4.1) and (4.2)

For more information about charitable donations and government gifts, gifts made to a qualified donee, and political contributions, see “T5013 SCH 2, *Charitable Donations, Gifts, and Political Contributions*” on page 37.

Line 121 – Non-deductible meals and entertainment expenses

The deductible portion of expenses for food, beverages, and entertainment is 50% of whichever of the following amounts is **less**:

- the expenditure actually incurred; or
- the amount that would be reasonable in the circumstances.

For more information, see IT-518R, *Food, Beverages and Entertainment Expenses*.

To calculate the net income or loss for income tax purposes, add the non-deductible portion back to the partnership’s net income or loss.

Line 150 – Salaries and wages paid to partners deducted on financial statements

Partnership agreements can specify that business or professional income allocated to partners be paid as salaries or wages. Although this is an acceptable way for the partnership to allocate income, the following rules apply:

- the partnership **cannot** deduct the salary or wages from income for income tax purposes;

- the partnership **cannot** withhold income taxes on these amounts; and
- the partnership is **not responsible** for deducting and remitting income tax instalment payments on these amounts.

Where the partnership agreement specifies such an allocation, the partnership can deduct salaries or wages paid to a partner of the partnership on its financial statement of income and expenses. Then, to calculate the net income or loss for income tax purposes, add those deductions back to the partnership's net income or loss.

Note

Each partner may have to make instalment payments for the income tax due on partnership income using Form INNS3, *Instalment Remittance Voucher*.

References

Paragraph 153(1)(a)
Guide T7B CORP, *Corporation Instalment Guide*

Line 151 – Cost of products available for sale that were consumed

One or more partners or their family members may consume or use any of the products that the partnership ordinarily sells or uses to produce its income. The partnership cannot claim the cost of those products as an expense for tax purposes.

To calculate the net income or loss for tax purposes, the partnership has to:

- add the cost of buying or producing those products to sales (to offset the deduction of those costs as purchases); or
- add back the costs of products available for sale that were consumed.

Products available for sale consumed by a partner or their family members are drawings the partner made from their capital account in the partnership.

Line 152 – Personal expenses of the partners paid by the partnership

If the partnership paid for a partner's personal expenses, it cannot claim those payments as an expense for tax purposes. These payments are drawings the particular partner has made from their capital account in the partnership.

Line 155 – Renounced exploration, development and resource property expenses deducted per financial statements from Schedule 52

Fill out line 155 only if the partnership deducted in its financial statements the renounced amounts received from a principal-business corporation or another partnership.

Line 199

Enter the amount from line 508 on page 2.

Line 501 – Total

Add the amounts from lines 101 to 199. Report the total on line 501.

Line 502 – Deduct

Enter the amount from line 511 on page 3.

Line 503 – Net income (loss) for income tax purposes

Enter the result of adding lines 500 and 501 **minus** amount from line 502.

This amount of income or loss for tax purposes is to be allocated to the partners.

Line 504 – Deduct

Enter the portion of line 503 to be allocated to general partners.

Line 505 – Net income (loss) for income tax purposes for limited and non-active partners

Enter the result of deducting line 504 from line 503.

This is the portion of line 503 to be allocated to limited and non-active partners.

Page 2

Header

At the top of page 2, enter the same partnership's account number and fiscal period end you entered in the identification section on page 1.

On this page, we have listed some other additions required to calculate the net income or loss for income tax purposes.

Add:

Lines 201 to 239

These items are the non-allowable expenses and taxable items that are the **less common additions**. Enter the amounts on lines 201 to 239 as they apply to your partnership.

Some specific adjustment items for the reconciliation

Line 201 – Accounts payable and accruals for cash basis – closing

Line 202 – Accounts receivable and prepaid for cash basis – opening

Partnerships that are farming or fishing businesses – Where the partnership keeps its books and records on the cash method basis, and made a valid election under section 28 to compute its income for income tax purpose in accordance with the cash method, leave these lines blank.

Where the partnership keeps its books and records on the cash method basis, but did not make the election under section 28, fill out lines 201 and 202 to convert the cash method to accrual.

References

Section 28
Guide T4003, *Farming and Fishing Income*

Line 203 – Accrual inventory – opening

Fill out line 203 only if you are converting from an accrual basis to a cash basis. Otherwise, leave this line blank.

Line 232 – Resource amounts deducted

Exploration, development, and resource property expenses – Subsection 96(1) has special rules that apply when a partnership has incurred exploration, development, and resource property expenses. That is, the partnership cannot have pools for these expenses. Add back these expenses from Schedule 12 when you calculate the partnership's income or loss for tax purposes. Allocate these amounts to boxes 173 to 179 and 206, whichever

applies, on the slip so the partners can use the amounts when they calculate their own income or loss.

Reference

Subsections 66.1(1) and 66.4(1)

Line 506 – Total

Add the amounts from lines 201 to 239, and report the total on line 506.

Lines 290 to 294, and lines 600 to 604

Enter on lines 290 to 294 any other amounts that you deducted on the partnership's income statement that are not allowable for income tax purposes, and that are not already covered on Schedule 1. Provide a short description on corresponding lines 600 to 604.

Example

- To report income or loss from joint ventures, enter "Income or loss from joint ventures" at line 601, and the relevant amount at line 291.

Note

Joint ventures are no longer allowed to have a separate fiscal period.

Line 507 – Total

Add the amounts from lines 290 to 294, and report the total on line 507.

Line 508 – Total

Add the amounts from lines 506 and 507, and enter the total on line 508. Report this amount on line 199 on page 1.

Page 3

Header

At the top of page 3, enter the same partnership's account number and fiscal period end you entered in the identification section on page 1.

Deductions required to calculate the net income or loss for income tax purposes:

Deduct:

Lines 300 to 347

These items are the eligible expenses and non-taxable items that are **less common deductions**. Enter the amounts on lines 300 to 347 as they apply to your partnership.

Some specific adjustment items for the reconciliation

Line 300 – Accounts payable and accruals for cash basis – opening

Line 301 – Accounts receivable and prepaid for cash basis – closing

Partnerships that are farming or fishing businesses – Where the partnership keeps its books and records on the cash method basis, and made a valid election under section 28 to compute its income for income tax purpose in accordance with the cash method, leave these lines blank.

Where the partnership keeps its books and records on the cash method basis, but did not make the election under section 28, fill lines 300 and 301 to convert the cash method to the accrual method.

References

Section 28

Guide T4003, *Farming and Fishing Income*

Line 302 – Accrual inventory – closing

Fill out line 302 only if you are converting from an accrual basis to a cash basis. Otherwise, leave this line blank.

Lines 390 to 394, and lines 700 to 704

Enter on lines 390 to 394 any amounts that are not already covered on Schedule 1. Provide a short description on the corresponding lines 700 to 704.

Line 509 – Total

Add the amounts from lines 300 to 394, and enter the total on line 509.

Lines 401 to 417

These lines include the **most common deductions** specific for partnerships. Enter the amounts on lines 401 to 417 as they apply to your partnership.

Line 510 – Total

Add the amounts from lines 401 to 417, and enter the total on line 510.

Line 511 – Total

Add the amounts from lines 509 and 510, and enter the total on line 511. Report this amount on line 502 on page 1.

T5013 SCH 2, Charitable Donations, Gifts, and Political Contributions

General information

If, during the fiscal period, your partnership made charitable donations, gifts, or political contributions, fill out each part of T5013 SCH 2, *Charitable Donations, Gifts, and Political Contributions* (Schedule 2), that applies:

Part 1 – Charitable donations

Part 2 – Gifts to Canada, a province, or a territory

Part 3 – Gifts of certified cultural property

Part 4 – Gifts of certified ecologically sensitive land

Part 5 – Federal political contributions

Part 6 – Provincial or territorial political contributions

Part 7 – Gifts of medicine

Part 8 – Municipal political contributions

Report the total from each part on the appropriate line of Schedule 1:

- Parts 1, 2, 3, 4, and 7 – Report the total eligible amount for these parts on line 112 of Schedule 1, *Charitable donations and gifts*; or
- Parts 5, 6, and 8 – Report the total eligible amount for these parts on line 114 of Schedule 1, *Political contributions*.

Note

You do not have to attach other receipts or supporting documents to this schedule. However you must keep them in your records as we may ask to see them later.

Eligible amount of gift

The eligible amount of a gift or monetary contribution is the amount by which the fair market value of the gifted property or monetary contribution exceeds the amount of an advantage, if any, received or receivable for the gift or monetary contribution. There are situations in which the eligible amount may be deemed to be **nil**.

Advantage

The advantage is generally the total value of all property, services, compensation, or other benefits that you are entitled to as partial consideration for, or in gratitude for, the gift. The advantage may be contingent or receivable in the future, either to you or a person or partnership not dealing at arm's length with you.

Example

A gift of \$1,000 to the Any Town Ballet Company, which is a registered charity, has been received. In gratitude, the company provides three tickets to a show that are valued at \$150. In this case, the advantage is \$150 and the eligible amount of the gift is \$850 (\$1,000 – \$150).

References

Subsections 127(3), 248(31), (32) and (41)
Pamphlet P113, *Gifts and Income Tax*
Guide T4037, *Capital Gains*
Interpretation Bulletin IT-244, *Gifts by Individuals of Life Insurance Policies as Charitable Donations*
Interpretation Bulletin IT-288, *Gifts of Capital Properties to a Charity and Others*
Interpretation Bulletin IT-297, *Gifts in Kind to Charity and Others*
Interpretation Bulletin IT-407-CONSOLID, *Dispositions of Cultural Property to Designated Canadian Institutions*

Filling out Schedule 2

Page 1

Identification

Enter your partnership's name, account number, and fiscal period end in the appropriate boxes at the top of the schedule.

Original or amended

Tick (✓) the appropriate box.

Required information

Enter the required detailed information of each receipt the partnership received for any charitable donations, gifts, and political donations the partnership has made, on a separate line in the appropriate part of the schedule.

Parts 1 and 2 – Charitable donations and gifts to Canada, a province, or a territory

Charitable donations and government gifts are gifts made to a qualified donee. A qualified donee includes:

- a registered Canadian charity;
- a registered Canadian amateur athletic association;
- a Canadian tax exempt housing corporation that only provides low-cost housing for seniors;
- a municipality in Canada or a municipal or public body performing a function of government in Canada;
- the United Nations and its related agencies;

- prescribed universities outside Canada;
- a charitable organization outside Canada to which the Government of Canada has made a donation in the tax year, or in the previous tax year; and
- the Government of Canada, a province, or a territory.

References

Subsection 118.1(1)
Paragraphs 110.1(1)(a) and (b), 149.1(i)

Parts 3 and 4 – Cultural and ecological gifts

Cultural and ecological gifts include:

- gifts of cultural property, certified by the Canadian Cultural Property Export Review Board, that your partnership gave to a designated institution or public authority in Canada; and
- gifts of ecologically sensitive land (or a covenant or an easement to which land is subject or, in the case of land in Quebec, a real servitude) certified by the federal minister of the environment, if your partnership donated it to Canada or a province or territory, a municipality in Canada, a municipal or public body performing a function of government in Canada, or an approved registered charity. The minister of the environment has to certify the land to be ecologically sensitive land important to the preservation of Canada's environmental heritage.

If your partnership donates gifts of cultural property to a designated institution or public authority, the Canadian Cultural Property Export Review Board will issue Form T871, *Cultural Property Income Tax Certificate*, to your partnership.

If your partnership donates gifts of ecologically sensitive land to Canada or a province or territory, a municipality in Canada, or an approved registered charity, the federal minister of the environment will issue a certificate.

Reference

Subsections 43(2), 118.1(1), (7.1), (10), (10.5) and (12)

Page 2

Header

At the top of page 2, enter the same partnership's account number and fiscal period end you entered in the identification section on page 1.

Parts 5, 6, and 8 – Federal, provincial or territorial, and municipal political contributions

Political contributions that qualify for a tax credit are the eligible amount of monetary contributions as defined in the *Canada Elections Act* made to a registered party, a provincial or territorial division of a registered party, a registered association, or a candidate as those terms are defined in the *Canada Elections Act*.

Under the different provincial or territorial legislations, provincial or territorial, and municipal political contributions may qualify for a tax credit.

You must provide each partner with the amount they are entitled to, as they will need this information to fill out their income tax return.

Reference

Subsection 127(3)

Part 7 – Gifts of medicine

You can allocate to **corporate partners only** the amount of an eligible gift of medicine made by the partnership to a registered charity if the gift is made for activities of the charity outside Canada. An eligible gift is a gift of medicine that was part of the partnership's inventory immediately before being donated and, the medicine qualifies as a drug within the meaning of the *Food and Drugs Act*, and generally meets the requirements of that act but is not a food, cosmetic, or device (as those terms are used in that act), a natural health product (as defined in the *Natural Health Products Regulations*) or a veterinary drug.

The registered charity must be one that, in the opinion of the minister for international cooperation, meets conditions set out by the Regulations. If no such minister has been appointed, the opinion of the minister responsible for Canadian International Development Agency will be required. Also, the eligible gift of medicine must be available for the donee's use at least six months before its expiration date as defined in the *Food and Drug Regulations (Food and Drugs Act)*.

References

Regulation 3505
Paragraph 110.1(1)(a.1)
Subsections 110.1(8) and 110.1(9)

T5013 SCH 5, Allocation of Salaries and Wages, and Gross Revenue for Multiple Jurisdictions

General information

If during the fiscal period, your partnership had a permanent establishment in more than one jurisdiction, use Form T5013 SCH 5, *Allocation of Salaries and Wages, and Gross Revenue for Multiple Jurisdictions* (Schedule 5), to report the amounts of gross revenue, and salaries and wages paid in each of the permanent establishments.

Filling out Schedule 5

Identification

Enter your partnership's name, account number, and fiscal period end in the appropriate boxes at the top of the schedule.

Original or Amended

Tick (✓) the appropriate box.

Part 1 – Allocation of salaries and wages, and gross revenue

Where your partnership has a permanent establishment in any of the listed jurisdictions, tick (✓) the Yes box and report the amounts of salaries and wages, and the gross revenue on the lines provided for each of the jurisdictions. Otherwise, tick (✓) the No box.

Enter the total amount of salaries and wages paid on line 130 and the total amount of gross revenue on line 280.

Part 2 – Amounts allocated by one or more partnerships

Enter the name, exactly as per the registration, and account number of partnerships in which your partnership is holding an interest.

For each of these partnerships, tick (✓) the appropriate box in column 400 to indicate if amounts entered in Part 1

include amounts allocated to your partnership by any of these partnerships.

T5013 SCH 6, Summary of Dispositions of Capital Property

General information

Fill out Form T5013 SCH 6, *Summary of Dispositions of Capital Property* (Schedule 6), if during the fiscal period, your partnership disposed of capital property and incurred any capital losses, realized any capital gains, received any slips that included capital gains, or elected under subsection 14(1.01) or (1.02).

References

Section 54
Interpretation Bulletin IT-170, *Sale of Property – When Included in Income Computation*
Interpretation Bulletin IT-448, *Dispositions – Changes in terms of securities*, and its Special Release IT-448SR
Interpretation Bulletin IT-460, *Dispositions – Absence of Consideration*

Fill out **each** part of this schedule that applies, using a separate line for each capital property your partnership disposed of during the fiscal period:

Part 1 – Qualified small business corporation shares (QSBCS)

Part 2 – Qualified farm or fishing property (QFFP)

Part 3 – QFFP mortgage foreclosures and conditional sales repossessions

Part 4 – Mutual fund units, deferral of eligible small business corporation shares, and other shares including publicly traded shares

Part 5 – Real estate, depreciable property, and other properties

Part 6 – Bonds, debentures, promissory notes, and other similar properties

Part 7 – Personal-use property

Part 8 – Listed personal property

Part 9 – Other gains (losses) except gifts of certain capital property

Part 10 – Gifts of certain capital property

Part 11 – Capital gains (losses) from other sources

Part 12 – Amounts eligible for the capital gains deduction

Part 13 – Capital gains (losses)

Filling out Schedule 6

Identification

Enter your partnership's name, account number, and fiscal period end in the appropriate boxes at the top of the schedule.

Original or Amended

Tick (✓) the appropriate box.

Parts 1 through 9 – Completing column numbers ending in 00, 01, 02, and 03

Part 1 – Qualified small business corporation shares (QSBCS)

List the shares of the capital stock of a corporation disposed of during the fiscal period. Give the following information:

- the number of shares;
- the class of the shares; and
- the name of the corporation in which the shares were held.

Usually, disposing of a share will result in a taxable capital gain or an allowable capital loss. However, if the partnership that is disposing of the share is in the business of trading shares, we consider the resulting gain or loss to be business income or loss.

If a share is converted due to a merger or an amalgamation, section 248(1) deems a disposition to have occurred.

Part 2 – Qualified farm or fishing property (QFFP)

List all QFFP you disposed of during the fiscal period. Give the municipal address or a legal description of the disposed property.

Part 3 – QFFP mortgage foreclosures and conditional sales repossessions

List all QFFP mortgage foreclosures and conditional sales repossessions disposed of during the fiscal period. Enter a brief description, and give the municipal address or a legal description of the disposed property.

Part 4 – Mutual fund units, deferral of eligible small business corporation shares, and other shares including publicly traded shares

List the mutual fund units, deferral of eligible small business corporation shares, and other shares including publicly traded shares disposed of during the fiscal period. Give the following information:

- the number of shares;
- the class of the shares; and
- the name of the fund or corporation in which the shares were held.

Note

Do not include gifts of mutual fund units and other shares, or gifts of non-qualifying security that have capital gains subject to the 50% or 0% inclusion rates. See “Part 10 – Gifts of certain capital property” on page 42.

Part 5 – Real estate, depreciable property, and other properties

List all real estate disposed of during the fiscal period. Give the municipal address of each property.

Disposing of non-depreciable real property (unless the property is inventory) may result in a capital gain or loss.

Disposing of depreciable property may result in a capital gain, a capital cost allowance recapture, or a terminal loss. However, they **do not** result in a capital loss. A capital gain results if the proceeds are more than the capital cost. For more information, see “Recapture of CCA” and “Terminal loss” on page 46.

Report dispositions of depreciable property on Form T5013 SCH 8, *Capital Cost Allowance (CCA)*.

References

Income Tax Folio S3-F4-C1, *General Discussion of Capital Cost Allowance*
Interpretation Bulletin IT-218, *Profit, Capital Gains and Losses from the Sale of Real Estate, Including Farmland and Inherited Land and Conversion of Real Estate from Capital Property to Inventory and Vice Versa*

Other properties include capital debts established as bad debts, amounts that arise from foreign currency transactions, as well as eligible capital properties for which your partnership elects under subsections 14(1.01) or 14(1.02).

Bad debts – When an amount receivable on a capital account becomes a bad debt and your partnership elects to have the provisions of subsection 50(1) applied, a deemed disposition occurs at the end of the year. Your partnership is considered to have reacquired the debt immediately afterwards at a cost of nil. This usually allows the partnership to claim a bad debt as a capital loss in the year. Any later recovery of that debt will result in a capital gain.

References

Subsection 50(1)
Interpretation Bulletin IT-159, *Capital Debts Established to be Bad Debts*

Foreign exchange gains or losses – Foreign exchange gains or losses from buying or selling capital properties are capital gains or capital losses. Transactions in foreign currency or foreign currency futures that do not form part of the business operations can be considered capital dispositions.

References

Subsection 39(2)
Interpretation Bulletin IT-95, *Foreign Exchange Gains and Losses*

Eligible capital property – Report other dispositions of goodwill and other intangible property on Form T5013 SCH 10, *Calculations Relating to Cumulative Eligible Capital* (Schedule 10). Your partnership may have elected under subsections 14(1.01) or (1.02) on Schedule 10 to remove eligible capital property from the cumulative eligible capital pool and recognize a capital gain in the fiscal period as if the property were an ordinary non-depreciable capital property. You have to report the excess as a capital gain on Schedule 6. For more information, see “T5013 SCH 10, *Calculations Relating to Cumulative Eligible Capital*” on page 51.

Reference

Interpretation Bulletin IT-123, *Transactions Involving Eligible Capital Property*

Note

Do not include gifts of ecologically sensitive land that have capital gains subject to the 50% or 0% inclusion rates. See “Part 10 – Gifts of certain capital property” on page 42.

Part 6 – Bonds, debentures, promissory notes, and other similar properties

List all bonds disposed of during the fiscal period. Give the following information:

- the face value;
- the maturity date; and
- the issuer’s name for each type of bond.

When you dispose of a debt obligation, we usually consider the amount of any realized discount or bonus to be a capital gain. Similarly, we consider a premium paid to be a capital loss, either when the obligation matures or on the date you dispose of the obligation.

Note

Do not include gifts that have capital gains subject to the 50% or 0% inclusion rates. See “Part 10 – Gifts of certain capital property” on page 42.

Reference

Interpretation Bulletin IT-479, *Transactions in securities* and its Special Release

Part 7 – Personal-use property

Describe any personal-use property you disposed of during the fiscal period.

Personal-use property of a partnership is property owned by a partnership that is used primarily for the personal use or enjoyment of a partner or a person who is related to a partner.

Use the \$1,000 rule to determine gains and losses when you dispose of personal-use property. According to this rule, if the adjusted cost base is less than \$1,000, it is considered to be \$1,000. As well, when the proceeds of disposition are less than \$1,000, they are considered to be \$1,000.

The \$1,000 rule does not apply when donors acquire personal-use property as part of an arrangement in which the property is gifted to a qualified donee, such as a registered charity.

You **cannot** deduct losses on dispositions of personal-use property (other than listed personal property) from the partnership’s income.

Reference

Subsections 46(1) and 54(1)

Part 8 – Listed personal property

Describe any listed personal property disposed of during the fiscal period.

Listed personal property is a special category of personal-use property that usually increases in value. The following is a complete list of the different types of listed personal property:

- prints, etchings, drawings, paintings, sculptures, or other similar works of art;
- jewellery;
- rare folios, rare manuscripts, or rare books;
- stamps; and
- coins.

If your partnership incurs losses from the disposition of listed personal property, the partners can only deduct these losses from capital gains realized from the disposition of other listed personal property.

Reference

Sections 41 and 54

Part 9 – Other gains (losses) except gifts of certain capital property

Include any mortgage foreclosures and conditional sales repossession (other than for a qualified farm or fishing

property) and any other gains or losses that you did not mention in this form.

Describe any capital property disposed of during the fiscal period that you have not already reported in the previous parts.

Parts 1 through 9 – Completing columns with numbers ending in 05, 06, 07, 08, 09, and line numbers ending in 10

For each column (except for column 05), enter the sum of the amounts reported on each line in the “Totals” line at the bottom of each part of the schedule.

Column numbers ending in 05 – Date of acquisition

Enter the date you acquired the property in this column.

Column numbers ending in 06 – Proceeds of disposition

In this column, enter the proceeds of disposition. The proceeds of disposition are usually the selling price of the property. However, they can also include compensation the partnership received for property that was destroyed, expropriated, stolen, or damaged.

For a gift or a deemed disposition, the proceeds of disposition are usually the fair market value of the property when its owner or use changes.

References

Sections 44 and 54

Interpretation Bulletin IT-259, *Exchange of Property*

Column numbers ending in 07 – Adjusted cost base

In this column, enter the cost of the property you used to calculate any capital gain or loss. This amount is called the adjusted cost base (ACB). The ACB is the original cost of the property that has been adjusted to reflect certain transactions or occurrences that took place after acquiring the property.

The cost of a capital property may be the actual cost, a deemed cost, or the valuation day value of the property. The nature of the property and the circumstances under which you acquired it determine which cost of the capital property you should use.

References

Subsections 53(1) and 53(2)

Income Tax Folio S3-F4-C1, *General Discussion of Capital Cost Allowance*

The cost of property acquired after 1971 is usually the actual cost of acquiring it, including the purchase price plus any related costs, such as commissions, legal fees, and other reasonable expenses. It also includes the cost of additions and improvements to the property. It does not include current expenses, such as maintenance and repair costs.

Reference

Income Tax Folio S3-F4-C1, *General Discussion of Capital Cost Allowance*

Special rules apply when determining the cost of capital property owned on December 31, 1971. According to these rules, tax is not assessed and losses are not allowed for any gain or loss that arose before that date.

When deductions from the cost base of a property (other than a partnership interest) reduce the balance to a negative amount at any time in the fiscal period, you are considered to have realized a capital gain equal to the amount of the negative balance, and the ACB becomes nil.

You cannot use later additions to the ACB to reduce previous gains on the property that resulted from a

negative balance. You can only consider these additions when you determine future gains or losses.

Reference
Subsection 40(3)

Paragraphs 53(1)(e) and 53(2)(c) outline the rules for determining the ACB of a partnership interest.

Note

Interests in a partnership that a limited partner or an inactive partner holds are subject to a negative ACB rule in subsection 40(3.1) that can result in a capital gain.

Exceptions are for an “excluded interest” as specified in subsection 40(3.15).

Column numbers ending in 08 – Outlays and expenses (dispositions)

In this column, enter the amount of outlays and expenses you deducted when calculating a gain or loss. You can deduct most expenses the partnership paid to put a property into saleable condition when you calculate a gain or loss. You can also deduct expenses incurred when disposing of the property. These expenses include certain fixing up costs, finder’s fees, commissions, surveyor’s fees, transfer taxes, and other reasonable expenses incurred to dispose of the property.

Column numbers ending in 09 – Gain (loss)

To calculate the gain or loss, subtract the ACB (amount in column numbers ending in 07) and the outlays and expenses (amount in column numbers ending in 08) from the proceeds of disposition (amount in column numbers ending in 06).

A **capital gain** results when the proceeds of disposition of a capital property are more than the ACB and any related outlays or expenses.

A **capital loss** occurs when the proceeds of disposition are less than the ACB and the related outlays and expenses. However, losses on depreciable property do not result in capital losses, but may result in a **terminal loss**.

In certain cases, when you dispose of a building and the land on which it stands, and the building is disposed of for less than its undepreciated capital cost, you may have to reduce the terminal loss on the sale of the building by the gain on the sale of the land.

References
Subsection 13(21.1)
Income Tax Folio S3-F4-C1, *General Discussion of Capital Cost Allowance*

Line number ending in 10 – Total gain (loss)

Enter the total of amounts in column numbers ending in 09 on line number ending in 10 for Parts 1 to 9 of the schedule.

Part 10 – Gifts of certain capital property

List all gifts made during the fiscal period that are:

- publicly traded and other shares, and mutual fund units;
- bonds, debentures, promissory notes, and other similar properties (other than gifts of ecologically sensitive land); and
- ecologically sensitive land that has capital gains subject to the 50% or 0% inclusion rates.

Include dispositions that result in gains only. Dispositions that result in losses must be reported in Parts 4, 5, or 6, whichever is applicable.

Enter the information according to the instructions for Part 4, 5, or 6, as applicable:

- the face value and the maturity date;
- the number of shares and the class of the shares;
- the name of the fund or corporation in which the shares were held, or the name of issuer;
- a description, or the municipal address or a legal description of the property disposed of;
- the date of acquisition;
- the proceeds of disposition;
- the ACB;
- the outlays and expenses; and
- the gain.

Column 956 – Eligible amount of gift

The eligible amount of a gift is the amount by which the fair market value of the gifted property exceeds the amount of an advantage, if any, received or receivable for the gift. For more information on the eligible amount of a gift, see “Eligible amount of gift” on page 38.

Note

There are situations in which the eligible amount may be deemed to be nil.

Column 958 – Gain subject to 0% inclusion rate

If you donated certain types of capital property to a registered charity or other qualified donee, you may not have to include in your income any amount of capital gain realized on such gifts. You may be entitled to an inclusion rate of zero on any capital gain realized on such gifts.

Column 960 – Gain subject to 50% inclusion rate

If the gain is not subject to the 0% inclusion rate, the 50% inclusion rate applies to the disposition of the gift. In this column, enter the total amount of capital gain subject to the 50% inclusion rate.

Line 970

Enter the total of amounts in column 960 on line 970.

References
Guide T4037, *Capital Gains*
Pamphlet P113, *Gifts and Income Tax*

Part 11 – Capital gains (losses) from other sources

Lines 980, 981, and 982

Enter any capital gains or losses from all T5, T5008, T5013, and T4PS slips the partnership received on line 980 and any capital gains or losses from all T3 slips on line 981.

If the partnership makes an election according to subsection 14(1.01) or 14(1.02), enter the amount from line 103 of Schedule 10 on line 982.

Part 12 – Amounts eligible for the capital gains deduction calculation

Enter amounts eligible for the capital gains deduction pertaining to Parts 1, 2, 3, and 11, as applicable, on lines 120, 220, and 320.

Report each partner's share of line 120 in boxes 153, each share of line 220 in box 154, and each share of line 320 in box 155 of the T5013 slips. Provide a breakdown of the amount of gains realized before April 21, 2015, in a letter to the partner for boxes 154 and 155.

Part 13 – Capital gains (losses) (excluding the amounts eligible for the capital gains deduction entered in Part 12)

Line 990

After you have completed each of the applicable parts of Schedule 6, enter the sum of lines 110, 210, 310, 410, 510, 610, 710, 810, 910, 970, 980, 981, and 982 minus the sum of lines 120, 220 and 320 on line 990.

Enter each partner's share of the amount from line 990 in box 151 of the T5013 slips.

T5013 SCH 8, Capital Cost Allowance (CCA) (Schedule 8)

General information

Paragraph 20(1)(a) allows the deduction of part of the capital cost of certain depreciable property from income earned in the fiscal period from a business or property. These deductions are known as capital cost allowance (CCA).

Fill out Form T5013 SCH 8, *Capital Cost Allowance (CCA)* (Schedule 8), in order to:

- calculate the amount of CCA the partnership can claim for the fiscal period for depreciable property; and
- identify situations where the partnership:
 - has to adjust the balance for a class of assets;
 - has acquired depreciable property; or
 - has disposed of depreciable property that results in a recapture of CCA or a terminal loss.

Depreciable property

Your partnership might acquire a depreciable property, such as a building, furniture, or equipment, to use in your business or professional activities. We consider a property to be depreciable property for which you can claim CCA only if it fits in one of the classes described in Schedule II or Part XI of the Regulations. A maximum rate is set out for each class of depreciable assets.

Note

Land is not a depreciable property and is not eligible for CCA.

References

Subsections 13(21) and 18(3)
Paragraph 20(1)(a)
Regulations 1100(1), 1202(2)
Schedule II

Capital cost allowance (CCA)

With a few exceptions, you cannot deduct capital expenditures in full when you calculate your partnership's net business or professional income for tax purposes in the fiscal period the partnership made the expenditures. Instead, since these properties wear out or become obsolete over time, (in other words, they depreciate) you can deduct

the capital expenditures from income over a period of several fiscal periods.

Disability-related modifications

You can deduct outlays and expenses you incur for eligible disability-related modifications made to a building in the fiscal period you paid them, instead of having to add them to the capital cost of your building. Eligible disability-related modifications include changes you make to accommodate wheelchairs. You can also deduct expenses paid to install or get certain disability-related devices and equipment.

You can claim this as "Other less common deductions" on page 3 of Schedule 1.

Available-for-use rule

The available-for-use rule determines the earliest fiscal period in which you can claim CCA for depreciable property.

Property other than a building is considered available for use at the earliest of several dates. Generally, you can claim a CCA deduction at whichever time is the **earliest** of:

- when the partnership first uses the property for the purpose of earning income;
- the beginning of the first fiscal period that begins at least 358 days after the end of the fiscal period in which the partnership acquired the property (that is, the second fiscal period after the fiscal period the partnership acquired it);
- immediately before the partnership disposes of the property; or
- when the property is delivered, or made available, to the partnership and the partnership can use the property to either produce a saleable product or perform a saleable service.

A **building** is considered available for use at whichever of the following dates is the **earliest** of:

- when the partnership uses 90% or more of the building for its intended purpose;
- when construction, renovation, or alteration is completed;
- the beginning of the first fiscal period that begins at least 358 days after the end of the fiscal period in which the partnership acquired the building (that is, the second fiscal period after the fiscal period the partnership acquired it);
- immediately before the partnership disposes of the building; or
- where the property is a replacement property for a building that was acquired before 1990 or that became available for use at or before the time the replacement property was acquired, or when the replacement building was acquired.

Reference

Subsections 13(27) to 13(32)

Calculating CCA

To calculate CCA, first separate all depreciable assets into the appropriate classes described in Schedule II. Usually, you calculate the CCA amount for a fiscal period on the previous fiscal period's ending undepreciated capital cost (UCC) balance for each class (that is, the declining balance basis). Apply the set rate for that class, usually a percentage, to the UCC of that class at fiscal period end to calculate the maximum CCA you can claim. However, for certain types of property, such as leasehold interests, you calculate the CCA amount for a fiscal period based on a percentage of the original capital cost of the property (that is, the straight line basis).

You can deduct any amount up to the maximum that is available for the fiscal period. When a fiscal period is shorter than 12 months, you generally have to prorate the CCA.

Reference
Subsection 13(21)

Restriction on rental buildings

If the partnership receives rental income, (business or property) it can generally claim CCA on buildings and equipment such as stoves and refrigerators. However, you generally cannot create or increase a rental loss by claiming CCA on any buildings or equipment for the rental property. To be a rental property, the property must be used by the partnership more than 50% of the time for the purposes of gaining or producing gross revenue that is rent.

If the partnership owns more than one rental building to which this restriction applies, to calculate the total income or loss for the fiscal period, you have to combine all the rental income from these buildings even if they belong to different classes. This also applies to furniture, fixtures, and appliances that the partnership uses in its rental buildings. The partnership can claim CCA for these properties, the building, or both. However, the partnership **cannot** use CCA to create or increase a rental loss.

Example

The partnership owns three rental properties (non-business rental properties). Two of these properties are Class 1 buildings, and the third one is a Class 3 building. All the buildings contain Class 8 appliances. The partnership earns net rental income from these properties as follows:

Building	Net rental income or loss
1 (Class 1)	\$1,500
2 (Class 1)	+ \$2,000
3 (Class 3)	+ (\$4,000)
Total	= (\$500)

The partnership has an overall net loss of \$500. Since the partnership **cannot** increase its rental loss by claiming CCA, it cannot claim any CCA on the rental buildings or appliances.

References

Regulations 1100(11) and (14)
Interpretation Bulletin IT-195, *Rental Property – Capital Cost Allowance Restrictions*
Interpretation Bulletin IT-443, *Leasing Property – Capital Cost Allowance Restrictions*, and its Special Release
Guide T4036, *Rental Income, Includes Form T776*

Restriction on computer tax shelter property

In general, a partnership **cannot** create or increase a loss by claiming CCA on any computer tax shelter property.

Reference
Regulations 1100(20.1) and (20.2)

Replacement property

In a few cases, your partnership can elect to postpone or defer adding a capital gain or CCA recapture to income. Your partnership might sell a business property, and replace it with a similar one, or a partnership property might be stolen, destroyed, or expropriated, and your partnership replaces it with a similar one. You can defer tax on the proceeds of disposition that your partnership reinvests in replacement property within a certain period of time. To defer reporting the capital gain or CCA recapture, your partnership must acquire and use the new property for the same or a similar purpose as the one that it is replacing.

References
Subsections 13(4) and 44(1)
Interpretation Bulletin IT-259, *Exchange of Property*
Interpretation Bulletin IT-491, *Former Business Property*, and its Special Release

Filling out Schedule 8

Identification

Enter your partnership's name, account number, and fiscal period end in the appropriate boxes at the top of the schedule.

Original or Amended

Tick (✓) the appropriate box.

Column (1) – Class number

Enter the class numbers of your properties using a separate line for each property class. To get this information, use the last fiscal period's Schedule 8, or see Schedule II and Parts XI and XVII of the Regulations.

Generally, all depreciable property of the same class is grouped together. Then, calculate CCA on the undepreciated capital cost of all the property in that class.

However, sometimes you have to maintain a separate record for each property in the same class. For example, list on separate lines property that you would usually group in the same class but use to earn income from different sources. Also list on a separate line each property you elected to identify in a separate class under Regulation 1101(5q), and each Class 10.1 passenger vehicle which includes a passenger vehicle acquired after December 31, 2000, if it cost more than \$30,000.

To determine what class (Class 10 or 10.1) your passenger vehicle belongs to, do not include goods and services tax (GST), harmonized sales tax (HST), or any provincial sales tax (PST) when calculating the vehicle's cost. If the

passenger vehicle belongs in Class 10.1, CCA is based on the set maximum cost in the fiscal period plus any taxes that apply on the maximum cost.

Notes

List separately any acquisitions that are not subject to the 50% rule. For more information about these types of acquisitions, see Regulations 1100(2) and (2.2).

If a class number has not been provided in Schedule II of the Regulations for a particular class of property, use the subsection provided in Regulation 1101.

Reference

Regulation 7307(1)

Election under Regulation 1101(5q)

This election allows you to include certain property usually included in classes 8 and 43 in a separate class. You have to have acquired each property at a capital cost of at least \$1,000. The types of properties that qualify for this election include manufacturing and processing property, computer software, photocopiers, and electronic communications equipment, such as facsimile transmission devices or telephone equipment.

You can elect to classify a property in a separate class or several properties in one or more than one separate class. This election can allow you to claim a terminal loss, which is any remaining undepreciated capital cost at the time of disposition of the properties in this class. For more information on terminal losses, see “Column (6) – UCC” on page 46.

For more information, see “List of CCA rates and classes” on page 49.

Column (2) – Undepreciated capital cost (UCC) at the beginning of the fiscal period

If this is the first fiscal period of the business or activity, leave column (2) blank, and go to the instructions for column (3).

If this is not the first fiscal period of the business or activity, enter the UCC for each class at the end of the previous fiscal period. You will find these figures in column (13) of the previous fiscal period’s Schedule 8.

Column (3) – Cost of acquisitions during fiscal period

If the partnership acquired depreciable property during the fiscal period, enter the capital cost for each class.

Depreciable property is considered acquired when it becomes available-for-use. Include any property acquired in previous fiscal periods that has now become available-for-use. This property would have been previously excluded from column (3).

Generally, the amount you spend to buy a depreciable property is the capital cost of that property. It is the cost of the property, not its value. Along with the purchase price, it includes costs such as delivery, installation, legal, accounting, engineering work, GST, HST, and any PST. For more information on the GST/HST input tax credit, see the topic “Government assistance,” below.

Note

Do not enter section 85 transfers in this column.

Reference

Income Tax Folio S3-F4-C1, *General Discussion of Capital Cost Allowance*

Column (4) – Net adjustments

In some cases, you will have to adjust the capital cost of a property in column (4). Enter the amounts that will either reduce or increase the capital cost. If the total adjustments for any class reduce the capital cost for that class, show the amount in brackets.

Deductions

■ **Government assistance** – Deduct the amount of any related assistance the partnership received, or is entitled to receive, from a government, municipality, or other public authority in the fiscal period.

Assistance includes a grant, a subsidy, and a forgivable loan. Also, if your partnership incurred GST/HST on some of the depreciable property it bought for the business, it may have applied for and be considered to have received the related input tax credit. We consider this input tax credit to be government assistance.

■ **Investment tax credit (ITC)** – The partnership may have earned an ITC on depreciable property acquired and available for use in the fiscal period and allocated those credits to the partners. We consider that the partnership receives this ITC as assistance. Therefore, the partnership has to deduct, from the capital cost of the depreciable property the amount of ITC it allocated to the partners, whether or not the partners claimed the tax credit.

■ **Non-government assistance** – A partnership can elect to reduce the capital cost of depreciable property by the amount of related non-government assistance it received.

If you do not reduce the capital cost of the depreciable property by the amount of the related non-government assistance the partnership received, you have to include the assistance in the partnership income.

■ **Forgiven debt** – A partnership has to reduce the capital cost of a depreciable property and the UCC of a depreciable property of the applicable class by the amount of a forgiven debt obligation for which the partnership has made a designation under subsection 80(5), to the extent that subsection 80(6) permits the reduction.

Additions

■ **Repayment of assistance** – Increase the capital cost of the property when the partnership repays any amount of assistance that previously reduced the capital cost.

■ **Depreciable property transferred under section 85** – Add the depreciable property transferred to the partnership under section 85 rules.

References

Subsections 13(7.1), (7.4), and (21), 80(5) and (6), 127(5), (6), and (12) Paragraph 12(1)(x)

Interpretation Bulletin IT-273, *Government Assistance – General Comments*

Column (5) – Proceeds of dispositions during the fiscal period

For each class, you usually enter the total proceeds of disposition received or are entitled to receive for property disposed of during the fiscal period. However, if you disposed of the property for more than its capital cost, enter the capital cost, not the actual proceeds of disposition.

A capital gain results when you dispose of a depreciable property for more than its capital cost. However, losses on depreciable property do not result in capital losses. They may result in terminal losses. For more information about terminal losses, see “Column (6) – UCC” below.

Reference
Subsection 13(21)

Column (6) – UCC

To calculate the amount of UCC, enter the result of the following amounts in column (6):

- **add** the amounts in columns (2) and (3);
- either **subtract** or **add** the amount in column (4) (subtract if it is a negative amount, or add if it is a positive amount); and
- **subtract** the amount in column (5).

For each class of assets, this amount is the subtotal that is the UCC before the restriction on certain depreciable property. You cannot claim CCA when the amount in column (6) is:

- positive, and no property is left in that class at the end of the fiscal period (a **terminal loss**); or
- negative (a **recapture of CCA**).

Capital gain – If the proceeds of disposition of a depreciable property are more than its capital cost, a capital gain may occur. This capital gain should be included on Part 5 of Schedule 6.

Capital loss – There cannot be a capital loss on the disposition of depreciable property. In this case, your partnership may have a terminal loss.

Terminal loss

A terminal loss results when you dispose of all the property in a particular class and there is an amount of undepreciated capital cost left in column (6).

You have to deduct the terminal loss from the partnership income.

For more information on how to fill out Schedule 8, see “Example 1 – Terminal loss” on page 48.

Recapture of CCA

If the amount in column (6) is negative, you have a recapture of CCA. A recapture of CCA occurs when the proceeds of disposition in column (5) are more than the total of columns (2) and (3), plus or minus the amount in column (4) of that class.

You have to add the recapture of CCA to the partnership income.

For more information on how to fill out Schedule 8, see “Example 2 – Recapture of CCA” on page 48.

The recapture and terminal loss rules do not apply to passenger vehicles in Class 10.1.

Enter the recapture or terminal loss from column (6) in column (10) or (11). In this case, do not fill out the rest of the columns for that line.

References

Subsections 13(1), (2), and (21), 20(16.1) and 54(1)
Paragraphs 20(16)(a), 39(1)(a) and (b)
Guide T4037, *Capital Gains*
Income Tax Folio S3-F4-C1, *General Discussion of Capital Cost Allowance*

Column (7) – 50% rule

In the year the partnership acquires depreciable property, the CCA claim is generally limited to half of the allowable rate for net acquisitions of property in that class. The partnership can claim the full CCA for that property starting in the next tax year.

This rule applies to both the cost of depreciable property acquired during the fiscal period and the increase in UCC from the repayment of any government assistance after the disposition of a depreciable property.

For each class of assets in column (7), enter half of the net amount of columns (3), (4), and (5). If the result is a negative amount, enter “0.”

For more information on how to fill out Schedule 8, see “Example 3 – 50% rule” on page 49.

Not all acquisitions are subject to the 50% rule:

- Property that is considered to have become available for use in the second fiscal period after the property was acquired is not subject to the 50% rule.
- Property acquired in certain non-arm’s length transfers or in the course of certain reorganizations may be exempt from the 50% rule.
- Some other properties in different classes are not subject to the 50% rule.

Reference

Income Tax Folio S3-F4-C1, *General Discussion of Capital Cost Allowance*

Class 10.1 – Half-year rule on sale

There is a special rule for a class 10.1 vehicle the partnership disposed of in the current fiscal period. In the fiscal period the partnership disposed of the vehicle, you can claim half of the CCA that would have been allowed if the partnership had still owned the vehicle. Use the half-year rule on the sale when the partnership meets **both** of the following conditions:

- the partnership disposed of a class 10.1 vehicle in the current fiscal period; and
- the partnership owned the same vehicle at the end of the preceding fiscal period.

Reference

Regulations 1100(2) and (2.5)

Column (8) – Reduced UCC

In this column, enter the amount you get when you subtract the amount in column (7) from the amount in column (6). This is the base amount for the CCA claim.

Column (9) – CCA rate (%)

Enter the set rate that applies, as provided under Part XI of the Regulations. If a specific rate has not been provided for a particular class of property, enter N/A in this column.

Column (10) – Recapture of capital cost allowance (CCA)

If the amount in column (6) for any class is negative, the partnership has a recapture and may also have a capital gain.

Add the amount of any recapture for each class to the partnership's income when you reconcile the partnership's net income or loss for income tax purposes. Enter the total in box 230 on line 107 of Schedule 1.

Column (11) – Terminal loss

When your partnership disposes of **all** the property in a particular class in a fiscal period, and there is a positive amount of UCC left in column (6), that amount is a terminal loss. You have to deduct the terminal loss from the partnership's income. Enter the total from line 240 on line 404 of Schedule 1.

Column (12) – CCA

To claim the maximum CCA for each class, multiply the amount in column (8) by the rate in column (9), and enter the result in column (12). You do not have to claim the maximum allowable CCA. You can claim any amount up to the maximum allowed for the fiscal period.

If the fiscal period is less than 365 days, prorate the CCA claim for all property except for those classes of property that Regulation 1100(3) excludes. The exceptions in Regulation 1100(3) include:

- Class 14 assets;
- Class 15 assets;
- timber limits and cutting rights;
- industrial mineral mines;
- certified productions;

- Canadian film or video productions; and
- certain mining equipment in classes 28 and 41.

To calculate the maximum CCA claim, multiply the maximum CCA for a complete fiscal period by the number of days in the tax year and divide by 365.

Enter the total of CCA amounts, or the lower amounts, in line 250, and report it at line 403 of Schedule 1.

Report the partner's share of CCA on depreciable property in box 040 of the partner's T5013 slips.

Reference

Regulation 1100(3)

Column (13) – UCC at the end of the fiscal period

The UCC at the end of the fiscal period for each class is the amount you get by subtracting the amount in column (12) from the amount in column (6).

Note

The amount for each class in this column is the amount you should enter in column (2) on Schedule 8 for the next fiscal period.

See the examples for completing Schedule 8 below.

References

Guide T4002, *Business and Professional Income*

Guide T4003, *Farming and Fishing Income*

Guide RC4060, *Farming Income and the AgriStability and AgriInvest*

Programs – Joint Forms and Guide

Guide RC4408, *Farming Income and the AgriStability and AgriInvest Programs Harmonized Guide*

Schedule 8 examples

Example 1 – Terminal loss

An import-export business decided to sell its warehouse because it was better to lease instead. The business received \$30,000 for the warehouse. At the end of the 2016 fiscal period, the business had no more assets in Class 3.

The business's Schedule 8 for its 2016 fiscal period looks like this:

200	201	203	205	207	
(1) Class number	(2) Undepreciated capital cost (UCC) at the beginning of the fiscal period (UCC at the end of the previous fiscal period (column (13) of Schedule 8))	(3) Cost of acquisitions during the fiscal period (new property must be available for use)	(4) Net adjustments (show negative amounts in brackets)	(5) Proceeds of dispositions during the fiscal period (amount not to exceed the capital cost)	(6) UCC (column (2) plus column (3) plus or minus column (4) minus column (5))
3	35000			30000	5000

211	212	213	215	217	220	
(7) 50% rule (1/2 of the amount, if any, by which the net cost of acquisitions exceeds column (5))	(8) Reduced UCC (column (6) minus column (7))	(9) CCA rate (%)	(10) Recapture of CCA	(11) Terminal loss	(12) CCA (column (8) multiplied by column (9), or a lower amount)	(13) UCC at the end of the fiscal period (column (6) minus column (12))
	5000	N/A		5000		

The amount in column (11) is a terminal loss.

The import-export business deducts the \$5,000 terminal loss from its income (line 404 of Schedule 1).

Example 2 – Recapture of CCA

A clothing business bought a sewing machine in 2013 for \$10,000. The business sold its sewing machine in 2016 for \$12,000. At the beginning of 2016, the undepreciated capital cost of the sewing machine (Class 8) was \$7,200.

The business's Schedule 8 for its 2016 fiscal period looks like this:

200	201	203	205	207	
(1) Class number	(2) Undepreciated capital cost (UCC) at the beginning of the fiscal period (UCC at the end of the previous fiscal period (column (13) of Schedule 8))	(3) Cost of acquisitions during fiscal period (new property must be available for use)	(4) Net adjustments (show negative amounts in brackets)	(5) Proceeds of dispositions during the fiscal period (amount not to exceed the capital cost)	(6) UCC (column (2) plus column (3) plus or minus column (4) minus column (5))
8	7200			10000	(2800)

211	212	213	215	217	220	
(7) 50% rule (1/2 of the amount, if any, by which the net cost of acquisitions exceeds column (5))	(8) Reduced UCC (column (6) minus column (7))	(9) CCA rate (%)	(10) Recapture of CCA	(11) Terminal loss	(12) CCA (column (8) multiplied by column (9), or a lower amount)	(13) UCC at the end of the fiscal period (column (6) minus column (12))
	(2800)	N/A	2800			

The amount in column (10) is the recapture of CCA.

The clothing business includes the \$2,800 recapture in its income (line 107 of Schedule 1).

The capital gain is \$12,000 minus \$10,000, which equals \$2,000. The clothing business includes the \$2,000 capital gain in Part 5 of its Schedule 6.

Example 3 – 50% rule

In the 2016 fiscal period, a bookstore bought a photocopier to help keep up with the paperwork, and started using it right away. The copier cost \$5,000. The bookstore has to apply the 50% rule when it calculates the amount of CCA it can deduct for 2016. At the beginning of 2016, the undepreciated capital cost of Class 8 was \$18,000.

The bookstore’s Schedule 8 for its 2016 fiscal period looks like this:

200	201	203	205	207	
(1) Class number	(2) Undepreciated capital cost (UCC) at the beginning of the fiscal period (UCC at the end of the previous fiscal period (column (13) of Schedule 8))	(3) Cost of acquisitions during the fiscal period (new property must be available for use)	(4) Net adjustments (show negative amounts in brackets)	(5) Proceeds of dispositions during the fiscal period (amount not to exceed the capital cost)	(6) UCC (column (2) plus column (3) plus or minus column (4) minus column (5))
8	18000	5000			23000

211		212	213	215	217	220
(7) 50% rule (1/2 of the amount, if any, by which the net cost of acquisitions exceeds column (5))	(8) Reduced UCC (column (6) minus column (7))	(9) CCA rate (%)	(10) Recapture of CCA	(11) Terminal loss	(12) CCA (column (8) multiplied by column (9), or a lower amount)	(13) UCC at the end of the fiscal period (column (6) minus column (12))
2500	20500	20			4100	18900

The amount in column (12) is the CCA for the fiscal period.

The bookstore deducts the \$4,100 from its income (line 403 of Schedule 1).

List of CCA rates and classes

The following chart is a partial list and description of the most common CCA classes. You will find a complete list in Schedule II of the *Income Tax Regulations*.

Class number	Description	CCA rate (%)
1	Most buildings made of brick, stone, or cement acquired after 1987, including their component parts such as electric wiring, lighting fixtures, plumbing, heating and cooling equipment, elevators, and escalators (additional allowance of 6% for buildings used for manufacturing and processing in Canada and 2% for buildings used for other non-residential purposes, for buildings acquired after March 18, 2007).	4%
3	Most buildings made of brick, stone, or cement acquired before 1988, including their component parts as listed in Class 1 above.	5%
6	Buildings made of frame, log, stucco on frame, galvanized iron, or corrugated metal that are used in the business of farming or fishing, or that have no footings below-ground; fences and most greenhouses.	10%
7	Canoes, boats, and most other vessels, including their furniture, fittings, or equipment.	15%
8	Property that is not included in any other class such as furniture, calculators and cash registers (that do not record multiple sales taxes), photocopy and fax machines, printers, display fixtures, refrigeration equipment, machinery, tools costing \$500 or more, and outdoor advertising billboards and greenhouses with rigid frames and plastic covers.	20%
9	Aircraft, including furniture, fittings, or equipment attached, and their spare parts.	25%
10	Automobiles (except taxis and others used for lease or rent), vans, wagons, trucks, buses, tractors, trailers, drive-in theatres, general-purpose electronic data-processing equipment (for example, personal computers) and systems software, and timber-cutting and removing equipment.	30%
10.1	Passenger vehicles costing more than a set amount (which is \$30,000 if acquired after 2000).	30%
12	Chinaware, cutlery, linen, uniforms, dies, jigs, moulds or lasts, computer software (except systems software), cutting or shaping parts of a machine, certain property used for earning rental income such as apparel or costumes, and videotape cassettes; certain property costing less than \$500 such as kitchen utensils, tools, and medical or dental equipment acquired after May 1, 2006.	100%
13	Property that is leasehold interest (the maximum CCA rate depends on the type of leasehold and the terms of the lease).	N/A

Class number	Description	CCA rate (%)
14	<p>Patents, franchises, concessions, and licences for a limited period – the CCA is limited to whichever is less:</p> <ul style="list-style-type: none"> ■ the capital cost of the property spread out over the life of the property; or ■ the undepreciated capital cost of the property at the end of the tax year. <p>Class 14 also includes patents, and licences to use patents for a limited period, that you elect not to include in Class 44.</p>	N/A
16	Automobiles for lease or rent, taxicabs, and coin-operated video games or pinball machines; certain tractors and large trucks acquired after December 6, 1991 that are used to haul freight and that weigh more than 11,788 kilograms.	40%
17	Roads, sidewalks, parking-lot or storage areas, telephone, telegraph, or non-electronic data communication switching equipment.	8%
29	Machinery and equipment acquired after March 18, 2007 and before 2016 that is used in Canada primarily to manufacture or process goods for sale or lease that would otherwise be included in class 43.	50%
38	Most power-operated movable equipment acquired after 1987 used for moving, excavating, placing, or compacting earth, rock, concrete, or asphalt.	30%
43	Machinery and equipment acquired after February 25, 1992 that is used in Canada primarily to manufacture or process goods for sale or lease. See also class 29 and 53.	30%
43.1	Certain clean energy generation and energy conservation equipment. Certain eligible property using eligible waste fuels will qualify for this class only if, at the time the property first becomes available for use, the requirements of all Canadian environmental laws, by-laws and regulations applicable in respect of the property have been met. Property acquired after February 22, 2005 and before 2020 may qualify for Class 43.2.	30%
43.2	Generally the same as Class 43.1 but for property acquired after February 22, 2005 and before 2020. Note that certain property that uses fossil fuels must meet a higher efficiency standard in order to qualify for this class. Certain eligible property using eligible waste fuels will qualify for this class only if, at the time the property first becomes available for use, the requirements of all Canadian environmental laws, by-laws and regulations applicable in respect of the property have been met.	50%
44	Patents and licences to use patents for a limited or unlimited period that the partnership acquired after April 26, 1993 – However, you can elect not to include such property in Class 44 by attaching a letter to the return for the year the partnership acquired the property. In the letter, indicate the property you do not want to include in Class 44. If you file your return electronically, send the letter for the year the partnership acquired the property to your tax centre.	25%
46	Data network infrastructure equipment that supports advanced telecommunication applications, acquired after March 22, 2004. It includes assets such as switches, multiplexers, routers, hubs, modems, and domain name servers that are used to control, transfer, modulate, and direct data, but does not include office equipment such as telephones, cell phones or fax machines, or property such as wires, cables, or structures.	30%
50	General-purpose computer equipment and systems software acquired after March 18, 2007, and before January 28, 2009, that is not used principally as electronic process control, communications control, or monitor equipment, and the systems software related to such equipment, and data handling equipment that is not ancillary to general-purpose computer equipment.	55%
53	Eligible machinery and equipment acquired after 2015 and before 2026 for use in Canada primarily for the manufacturing or processing of goods for sale or lease.	50%

CCA rates and classes

Accelerated CCA for the manufacturing and processing sector – Manufacturing and processing machinery and equipment acquired after March 18, 2007, and before 2016 that would otherwise be included in Class 43 (eligible for a 30% declining balance CCA rate) are included in Class 29 and eligible for 50% straight-line CCA rate.

Eligible assets acquired after 2015 and before 2026 will be included in new Class 53 and eligible for an accelerated 50% declining-balance CCA rate. They will be subject to the half-year rule.

Reference

Interpretation Bulletin IT-147, *Capital Cost Allowance – Accelerated Write-Off of Manufacturing and Processing Machinery and Equipment*

T5013 SCH 9, List of Partnerships

General information

Fill out Form T5013 SCH 9, *List of Partnerships* (Schedule 9), if your partnership is a direct or indirect member of another partnership.

When is a partnership a direct member?

Your partnership would be considered a direct member of another partnership when it holds a direct interest in the other partnership. In which case, your partnership should be listed as a partner on that partnership's Schedule 50, *Partner's Ownership and Account Activity*.

When is a partnership an indirect member?

Your partnership would be considered an indirect member of another partnership when it holds an indirect interest in the other partnership through one or more partnerships. For example, you have an interest in Partnership A. Partnership A is a member of Partnership B, which is a member of Partnership C. Partnership A is a direct member of Partnership B, and it is an indirect member of Partnership C.

Filling out Schedule 9

Identification

Enter your partnership's name, account number, and fiscal period end in the appropriate boxes at the top of the schedule.

Original or Amended

Tick (✓) the appropriate box.

Information about each of the entities

Provide the information for all direct or indirect entities as required in each of the columns:

Column 100 – Name of entity

Enter the exact legal name of the entity of which your partnership is a direct or indirect member. Do not use abbreviations.

Column 200 – Jurisdiction under which the entity was formed
Enter the applicable jurisdiction under which the entity was formed (for applicable jurisdiction abbreviations refer to Appendix A on page 78 or Appendix B on page 79).

Column 300 – Business or identification number of entity
Enter the nine-digit business number the CRA assigned to the entity, or the identification number that applies.

Column 400 – Code

Enter the code number from the following list:

9 – Your partnership is a direct member of the listed partnership.

10 – Your partnership is an indirect member of the listed partnership through one or more other partnerships.

If your partnership is both a direct member **and** an indirect member of the other partnership, list the other partnership in Schedule 9 twice – once under code 9 and once under code 10.

T5013 SCH 10, Calculations Relating to Cumulative Eligible Capital

Note

Rules for cumulative eligible capital change as of January 1, 2017.

General information

Fill out T5013 SCH 10, *Calculations Relating to Cumulative Eligible Capital* (Schedule 10), to calculate your partnership's cumulative eligible capital deduction.

Note

A separate cumulative eligible capital account must be kept for each business operated by the partnership.

Eligible capital property (ECP)

A partnership may incur certain expenditures, or buy an intangible capital property that does not physically exist (such as goodwill). These expenditures or properties provide lasting economic benefit over an indefinite period. Such property is neither a current expense nor a depreciable property, and the partnership cannot deduct its cost. However, if the property qualifies as an ECP, the partnership can deduct a part of the cost in a method similar to the capital cost allowance method. Under subsection 14(1), the tax treatment of these expenditures operates on a pooling basis for each business, and the annual deduction under paragraph 20(1)(b), calculated as a percentage of the pool, is referred to as the **cumulative eligible capital amount**.

ECP includes:

- goodwill;
- customer lists;
- farm quotas;
- purchased trademarks that have enduring value;
- expense of reorganizing or amalgamating;
- certain legal and accounting fees; and
- patents, franchises, concessions, or licences for an unlimited period.

Cumulative eligible capital amount (CECA)

You cannot deduct the cost of an ECP in the fiscal period the partnership made the expenditures. Instead, since these properties provide lasting economic benefit over an indefinite period, you can deduct their cost from income over several fiscal periods. This deduction is calculated on a declining balance basis at a rate of 7% of the cumulative eligible capital (CEC) balance of the pool at the end of the fiscal period. You do not have to deduct the maximum annual allowance in any given fiscal period. You can deduct any amount, up to the maximum allowed for the fiscal period.

Replacement property

If your partnership sells an ECP and replaces it with another one for the same or similar use, it can elect to postpone all or part of any gain on the sale. To qualify, your partnership has to replace the property no later than one year after the end of the fiscal period in which your partnership sells the original property.

References

Section 14

Paragraph 21(1)(b)

Interpretation Bulletin IT-259, *Exchange of Property*

Interpretation Bulletin IT-143, *Meaning of Eligible Capital Expenditure*

Elections for eligible capital property (other than goodwill) disposed of in the year

Subsection 14(1.01), Election re capital gain, permits the partnership to elect to remove an ECP that it disposed of in the fiscal period from the CEC pool, and recognize a capital gain on that ECP in the fiscal period as if the property were ordinary non-depreciable capital property.

If the partnership makes the election under subsection 14(1.01), in calculating the CEC pool, the proceeds of disposition are considered to be equal to the original cost of the property. The partnership can then allocate to the partners a capital gain equal to the actual proceeds of disposition **minus** the cost of acquisition.

Subsection 14(1.02), Election re property acquired with pre-1972 outlays or expenditures, permits the partnership to elect to report a capital gain in the fiscal period on the disposition of an ECP that it acquired with pre-1972 outlays or expenditures and that is disposed of on or after May 2, 2006, as if the property were ordinary non-depreciable capital property.

The elections are only available if the partnership meets the following conditions:

- the partnership disposed of an ECP in the fiscal period;
- the partnership's eligible capital expenditure (ECE) (total of the outlays and expenditures) to acquire the ECP can be determined;
- the proceeds of disposition are more than the ECP's total cost; and
- the ECP that the partnership disposed of is **not** goodwill.

Note

Another condition for these elections is that the person making the election, if an individual, must have a nil exempt gains balance. As the partnership is not an

individual and cannot have an exempt gains balance, this condition will always be satisfied.

In addition, the election under subsection 14(1.02) is available only if the partnership meets the following conditions:

- the partnership disposed of a property in the fiscal period that was acquired with pre-1972 outlays or expenditures;
- the property would, if the outlay or expenditure were made after 1971, have been an eligible capital expenditure;
- the property would otherwise be eligible for the election under subsection 14(1.01); and
- subsection 21(1) of the *Income Tax Application Rules* applies in respect of the disposition.

If the partnership makes the election under subsection 14(1.02), in calculating the CEC pool, the proceeds of disposition are considered to be nil. In addition, the adjusted cost base of the property is deemed to be nil, and the proceeds of disposition would be determined under subsection 21(1) of the *Income Tax Application Rules*. The partnership can then allocate to the partners the resulting capital gain.

If the partnership makes these elections, the partners that have capital losses can apply those losses against these gains.

If the partnership disposed of an ECP that is a qualified farm or fishing property (QFFP), these elections may also help partners that are eligible to claim a capital gains deduction. If the partnership disposed of an ECP that was a QFFP, any deemed gain reported under the election is also deemed to be a disposition of QFFP.

Amounts resulting from disposition to be included in income

Cumulative eligible capital (CEC) balance – Negative amount – If your partnership disposes of an ECP in the fiscal period and the partnership's CEC balance at the end of its fiscal period is a **negative** amount, under subsection 14(1) you have to include the amount in the partnership's income.

Paragraph 14(1)(a) – Income recapture inclusion – If the partnership's CEC balance at the end of its fiscal period is a **negative** amount, you have to include in the partnership's business income for the fiscal period the part that is a recapture of the CEC amount your partnership previously claimed. To calculate this amount, follow the instructions in the calculation for the "Paragraph 14(1)(a) income recapture inclusion" in Part 3 of Schedule 10.

Paragraph 14(1)(b) – Residual income inclusion – If the amount of 14(1)(a) income recapture inclusion (amount on line L) is less than the CEC negative balance (amount on line K), your partnership may have a paragraph 14(1)(b) residual income inclusion. If so, include two-thirds of the residual amount in your partnership's business income. To calculate this amount, follow the instructions in the area called "Paragraph 14(1)(b) residual income inclusion" in Part 3 of Schedule 10.

Amount resulting from disposing of eligible capital property that is QFFP eligible for the capital gains deduction

If your family-farm or fishing partnership disposes of a QFFP in the year, part of the partnership's farming income, or fishing income, from the sale of the ECP that is QFFP may be eligible for the capital gains deduction.

References

Section 14

Guide T4002, *Business and Professional Income*

Guide T4003, *Farming and Fishing Income*

Guide RC4060, *Farming Income and the AgriStability and AgriInvest Programs Guide – Joint Forms and Guide*

Guide RC4408, *Farming Income and the AgriStability and AgriInvest Programs Harmonized Guide*

Guide T4037, *Capital Gains*

Interpretation Bulletin IT-123, *Transactions Involving Eligible Capital Property*

Interpretation Bulletin IT-477-CONSOLID, *Capital Cost Allowance – Patents, Franchises, Concessions and Licenses*

Filling out Schedule 10

Page 1

Identification

Enter your partnership's name, account number, and fiscal period end in the appropriate boxes at the top of the schedule.

Original or Amended

Tick (✓) the appropriate box.

Part 1 – Subsection 14(1.01) or 14(1.02) election for eligible capital property (other than goodwill) disposed of in the fiscal period

Fill out this part if your partnership is electing under subsections 14(1.01) or 14(1.02) to remove an ECP from the CEC pool and to recognize a capital gain in the fiscal period as if the property were an ordinary non-depreciable capital property.

Include the amount from line 103 in the partnership's capital gain for the year by entering it on line 982 on page 3 of Schedule 6.

Part 2 – Calculation of the current fiscal period's deduction and carryforward

Line 200 – Cumulative eligible capital (CEC) balance at the beginning of the fiscal period

Enter the amount from line 300 in Part 2 of Schedule 10 of the previous fiscal period end (the CEC balance at the end of the previous fiscal period).

If this is the first fiscal period of the business or activity, enter zero.

Do not adjust any current fiscal period schedules or forms for errors made in a previous fiscal period. If the opening balance is different from the ending balance on the previous fiscal period's Schedule 10, send an amended Schedule 10 for the previous fiscal period with a note explaining the difference to your tax centre.

Lines 222 to 248

Enter the amounts that apply to the partnership on the appropriate lines, and calculate as instructed.

Line H – CEC balance, before calculating the current fiscal period's deduction

If the amount on line H is negative, you have an excess and cannot claim a current fiscal period deduction. If this is the case, go to Part 3 to calculate the amount that you have to include in the partnership's income for the fiscal period.

Line 250 – Current fiscal period's CEC deduction

You can deduct eligible capital expenditures at a rate of 7% of the CEC balance (line H). You do not have to deduct the maximum annual allowance in any given fiscal period. You can deduct any amount, up to the maximum allowed for the fiscal period.

If your partnership has a short fiscal period, the maximum deduction of 7% has to be prorated by the number of days in the fiscal period divided by 365.

Line 300 – CEC balance at the end of the fiscal period

This is the partnership's CEC balance available for carry forward.

Page 2

Header

At the top of page 2, enter the same partnership's account number and fiscal period end you entered in the identification section on page 1.

Part 3 – Calculation of the amounts to be included in income resulting from dispositions

Fill out Part 3 if the amount on line H in Part 2 is negative.

Enter the amounts that apply to the partnership on the appropriate lines, and calculate as instructed.

Paragraph 14(1)(a) – Income recapture inclusion

Line M – Recapture amount

Enter the income recapture amount from line K or line L, whichever is less, on line M. Report this amount in the partnership's income for the year, at line 108 of Schedule 1.

Paragraph 14(1)(b) – Residual income inclusion

Include the residual income amount from line S in the partnership's income for the year, by entering it on line 153 of Schedule 1.

Part 4 – Calculation of the farming or fishing income eligible for the capital gains deduction

Fill out Part 4 if there was a disposition of ECP that is QFFP.

Enter the amounts that apply to the partnership on the appropriate lines, and calculate as instructed.

Report the partner's share of the amount from line 520 as "Farming or fishing income eligible for the capital gains deduction from the disposition of eligible capital property that is QFFP" in box 158 of the partner's T5013 slip.

T5013 SCH 12, Resource-Related Deductions

General information

Fill out T5013 SCH 12, *Resource-Related Deductions*

(Schedule 12), if, during the fiscal period, your partnership:

- incurred any resource related expenses:
 - Canadian exploration expenses, including Canadian renewable and conservation expenses;
 - Canadian development expenses; or
 - Canadian oil and gas property expenses;
- incurred any foreign resource expenses; or
- recaptured any earned depletion.

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 Regulation 1201 and 1202(2) and a mining exploration depletion allowance in Regulation 1203(1).

Note

Do not include in this schedule any expenses or assistance renounced to the partnership by a principal-business corporation that issued flow-through shares. Renounced amounts will be shown on a T101 slip the partnership received from the principal-business corporation or a T5013 slip received from another partnership. Report these amounts on Form T5013 SCH 52, *Summary Information for Partnerships that Allocated Renounced Resource Expenses to their Members*.

References

Sections 65 and 66
Part XII of the Regulations

Oil sands – Canadian exploration expense (CEE) and Canadian development expense (CDE)

Oil sands and shale resource properties – For acquisitions made on or after March 22, 2011, the cost of acquiring oil sands leases and shale oil leases, and other oil sands or shale resource property, is treated as Canadian oil and gas property expense (COGPE). The COGPE is deductible at 10% per year on a declining balance basis, instead of being treated as CDE, which is deductible at 30% per year on a declining basis.

Pre-production development expenses of oil sands or shale mines – The development expenses incurred to bring a new oil sands or shale mine into production in reasonable commercial quantities are to be treated as CDE, which is deductible at 30% per year on a declining balance basis. The change applies for expenses incurred after March 21, 2011, and will be phased-in until 2016.

These expenses were previously treated as CEE, which is deductible at 100% in the year incurred. This latter treatment will be maintained for expenses incurred before 2015 to achieve completion of a specified oil sands development project where a designated asset was acquired or under construction on March 22, 2011.

Filling out Schedule 12

Identification

Enter your partnership’s name, account number, and fiscal period end in the appropriate boxes at the top of the schedule.

At the top of page 2, enter the same partnership’s account number and fiscal period end you entered in the identification section on page 1.

Original or Amended

Tick (✓) the appropriate box.

Parts 1 to 5

Enter the amounts of resource-related expenses that apply to the partnership on the appropriate lines, and calculate as instructed. Report the amount of each partner’s share on the appropriate boxes of the partner’s T5013 slips.

Part 4

Line 450 – Total

To calculate the total foreign resource expenses from the country identified on line 400, subtract the amount from line 422 and line 424 from the sum of lines 405, 414, and 416.

T5013 SCH 50, Partner’s Ownership and Account Activity

General information

Fill out Form T5013 SCH 50, *Partner’s Ownership and Account Activity* (Schedule 50), to provide information on the partnership interest held by the partners of the partnership.

Use this form to record all changes in the membership of the partnership or to record account activity such as:

- adding new partners;
- amounts to be included in the calculation of the ACB of each partner;
- amounts to be included in the calculation of the at-risk amount for limited partners; and
- disposition of all or part of an interest during the fiscal period.

For each partner who was a member of the partnership at any time during the fiscal period, give the details requested on **each** relevant line of the schedule.

Note

Enter negative amounts in brackets.

Registered charities:

Registered charities or registered Canadian amateur athletic associations are allowed to hold an interest in a limited partnership, and they will have an RR program account. This measure is in effect as of April 21, 2015.

Filling out Schedule 50

Identification

Enter the partnership’s name, account number, and fiscal period end in the appropriate boxes at the top of the schedule.

At the top of each other page, enter the same partnership’s account number and fiscal period end you entered in the identification section on page 1.

Original or Amended

Tick (✓) the appropriate box.

Line 010 – Number of partners

Enter the number of partners, including nominees or agents, holding an interest in the partnership at the end of the fiscal period.

Line 011 – Number of partners who disposed of all, or part of, their partnership interest

Enter the number of partners including nominees or agents, who disposed of all, or part of, their partnership interest during the fiscal period, including partners who joined the partnership and retired during the fiscal period.

Line 012 – Number of nominees or agents

Enter the number of nominees or agents who hold an interest in the partnership for another person at the end of the fiscal period.

Line 015 – Total of all amounts from lines 220

Enter the total of all amounts from lines 220.

Partner 1, Partner 2, Partner 3, Partner 4, Partner 5

Schedule 50 provides space for entering information for a maximum of five partners. Where there are more than five partners, use as many additional Schedule 50s as necessary, and modify the sequential numbering of each partner's set of boxes.

Note

The sequential numbering is for CRA use only, and does not have to reflect any ordering within the partners of the partnership. However, you may want to provide us with each partner's information beginning with the partner holding the highest percentage of interest in the partnership in the "Partner 1" set of boxes.

Lines 100 to 110 – Ownership

Line 100 – Partner's name

Enter the following:

- **For an individual** – the last name first, followed by the usual first name and initials.
- **For a corporation** – the corporation's full name.
- **For a partnership** – the partnership's full name.
- **For a trust** – the trust's full name.
- **For a registered charity or a registered Canadian amateur athletic association** – the legal (official) name under which the organization is registered

The partner's name on this schedule must be the same as the one on the T5013 slip.

Line 101 – Partner's identification number

The partner's identification number on this schedule must be the same as the partner's identification number in box 006 on the T5013 slip.

The identification number is defined as follows:

- for a corporation or another partnership enter the 15-character account number the CRA assigned to the entity;

- for a trust, enter the trust account number the CRA assigned to the entity;
- for an individual, enter the social insurance number;
- if the entity is a non-resident and has already been assigned one of the numbers mentioned above, or an individual tax number (ITN), or a temporary tax number (TTN) issued by the CRA to the entity for any of its business accounts (payroll (RP), GST/HST (RT), import/export (RM), enter this number; or
- for a registered charity or a registered Canadian amateur athletic association, enter the RR program account number.

Note

The partnership has to make a reasonable effort to obtain the identification numbers from the partners. Failure to provide this information may result in penalties for the partnership and partners. Refer to "Failing to provide social insurance numbers (SINs), business numbers (BNs), or other information" on page 21 for additional information regarding penalties.

Line 105 – Type of partner

To identify the type of partner, enter one of the following codes:

Residents of Canada

- "1" for an individual, other than a trust;
- "2" for a corporation;
- "3" for a partnership (that is a "Canadian partnership"); or
- "4" for a trust.

Non-residents of Canada

- "5" for an individual, other than a trust;
- "6" for a corporation;
- "7" for a partnership (that is a partnership that is not a "Canadian partnership");
- "8" for a trust other than a non-resident discretionary trust; or
- "9" for a non-resident discretionary trust.

If you enter code "4" on line 106 for a nominee, agent, broker, or advisor that holds an interest in the partnership as nominee or agent for one or more persons, or one or more nominees or agents, leave line 105 blank.

Line 106 – Partner code

To identify the status of the partner within the partnership, enter one of the following codes:

- "0" for a limited partner, at any time during the fiscal period;
- "1" for a specified member who is not a limited partner;
- "2" for a general partner;
- "3" for a limited partner's exempt interest as defined in subsection 96(2.5);
- "4" for a nominee, agent, broker, or advisor that holds an interest in the partnership as nominee or agent for one or more persons, or one or more nominees or agents;

“5” for a partner of a limited liability partnership; or
“6” for a retired member paid under subsection 96(1.1)

Partner code for retired partner

If a partner has retired but is receiving income as described in subsection 96(1.1), we consider the retired partner to be a member of the partnership. Therefore, you have to enter code “6” for that retired partner.

If the partner was a general partner before retirement, depending on the circumstances, we may still consider the retired partner to be a general partner, or we may consider the retired partner to be a specified member who is not a limited partner.

Example

Before retirement, Carl (an individual) was a general partner of the partnership. After retirement, Carl continues to receive payments from work in progress.

Situation 1 – Carl is still actively engaged in the partnership’s business. In this case, we consider Carl to be a general partner.

Situation 2 – Carl is carrying on a business activity similar to the partnership’s business. In this case, we consider Carl to be a general partner.

Situation 3 – Carl is not actively engaged in the partnership’s activities and is not carrying on a business activity similar to the partnership’s business. In this case, we consider Carl to be a specified member who is not a limited partner.

Situation 4 – Carl is deemed to be a member of the partnership under subsection 96(1.1) as the members of the partnership have entered into an agreement to allocate a share of the income or loss of the partnership. In this case, we consider Carl to be a retired member paid under subsection 96(1.1).

Line 107 – Percentage (%) of partner’s interest

Enter the percentage of a partner’s interest within the partnership up to four decimal places. The Act recognizes a “partnership interest” and does not recognize various types of classes of partnership units.

If you have more than one type or class of partnership unit, the percentage shown on line 107 should be a percentage of the total interest of all types or classes of units for each partner.

Example

Total partnership units

Class A units:	1,000,000
Class B units:	500,000
Total units:	1,500,000

Partner A interest

Class A units:	5,000
Class B units:	3,000
Total units:	8,000

The percentage of partner’s interest is:

$$(8,000/1,500,000) \times 100 = 0.5333\%$$

Line 110 – Did the partner dispose of an interest during the fiscal period?

Where the partner disposed of all, or part of, its partnership interest during the fiscal period, including a partner who joined and retired during the fiscal period, tick (✓) the Yes box; otherwise, tick (✓) the No box.

Line 220 – Fiscal period’s income (loss) allocation

Line 220 – Partner’s share of the net income (loss)

Enter the amount of net income or loss (for income tax purposes) of the fiscal period allocated to the partner.

The total of all amounts included on line 220 must equal the amount included at line 015.

Do not leave the field blank. If there is no income or loss to allocate, enter zero.

Lines 300 to 350 – Account activity

Calculating the adjusted cost base (ACB) of a partnership interest

The calculation of the ACB of a partnership interest is done by each partner individually. The partner can calculate the ACB at any time. However, it has to be done by the time the income tax return is filed.

The partnership has to provide all the information to the best of its knowledge required by the partners to calculate the ACB of their interest.

Paragraphs 53(1)(e) and 53(2)(c) cover the adjustments the partner has to make to its interest in the partnership. The items listed in the description below of a partner’s ACB only reflect some of the more common additions and subtractions for the ACB calculation.

Generally, a partner’s ACB at any time is that partner’s original cost of the partnership interest,

plus

- the partner’s share of income from any source from all previous fiscal periods since the partner acquired the partnership interest;
- the partner’s share of any capital dividends and life insurance capital dividends the partnership received before that time;
- the partner’s additional capital contributed since the partner acquired the partnership interest; and
- for limited partners and certain specified members, the partner’s negative ACB amount since the partner acquired the partnership interest, and which we consider to be a gain from a disposition before that time under subsection 40(3.1), or paragraph 98(1)(c) or 98.1(1)(c);

minus

- the partner's share of losses from any source, investment tax credits (if claimed under subsection 127(5)), and resource deductions (section 66) from all previous fiscal periods since the partner acquired the partnership interest;
- the partner's withdrawals from the partnership since the partner acquired the partnership interest;
- the partner's limited partnership loss (LPL) to the extent that the limited partner deducted the loss; and
- for certain limited partners or specified members, the amount of any limited-recourse debt that can reasonably be considered to have been used to acquire the partnership interest that is not a tax shelter investment.

We aggregate amounts to be added or deducted under the following:

- **Line 320** – Partner's share of the previous fiscal period's net income (loss) (as per Schedule 50);
- **Line 330** – Capital contributions in the fiscal period;
- **Line 340** – Withdrawals in the fiscal period; and
- **Line 350** – Other adjustments.

References

Paragraphs 53(1)(e) and 53(2)(c)
Interpretation Bulletin IT-430-CONSOLID, *Life Insurance Proceeds Received by a Private Corporation or a Partnership as a Consequence of Death*

Line 300 – Cost base

Enter the acquisition cost of the partnership interest. Where the partner bought its interest on multiple occasions, enter the total of the cost base of each purchase. The T5013 return preparer is expected to make a reasonable attempt to ensure that the amount reported on line 300 is correct. If the preparer does not have this information, leave the field blank. Do not fill line 300 with zeroes.

Line 300 does not include amounts on line 310.

Line 310 – Cost of units acquired during the fiscal period

Enter the total acquisition cost of units acquired by the partner during the fiscal period. Where the partner bought its interest on multiple occasions, enter the total of the cost of each purchase.

The cost of the partnership interest is:

- where the interest was acquired by contributing cash to the partnership, the monetary amount contributed;
- where the interest was acquired by contributing property to the partnership (other than by rollover), the cost is the fair market value (FMV) of the property contributed. Subsection 97(1) deems that the partnership acquired the property at FMV, and the partner disposed of it for proceeds equal to that FMV;
- where the partner transferred property to the partnership on a rollover basis under subsection 97(2), as determined under the rules in that provision; or
- where the partnership received the information:
 - the agreed price paid to an existing partner to purchase his or her interest; or

- the price paid for an interest bought in a secondary market.

Note

If the cost of the partnership interest is not known, for example, it was bought from another partner, the partnership should leave line 300 and line 310 blank.

Cost of a partnership interest that is a tax shelter investment

When the partnership interest is a tax shelter investment, section 143.2 reduces the cost (the expenditure) of the tax shelter investment by the total of all limited recourse amounts that relate to the expenditure, the at-risk adjustment for the expenditure, and certain other amounts that can reasonably be considered to relate to the expenditure.

We may consider the unpaid principal of indebtedness to be a limited-recourse amount if, among other circumstances, interest is not charged and paid within 60 days after year end, or where arrangements in writing to repay the principal and interest within a reasonable period of time were not made at the time the indebtedness arose.

Line 320 – Partner's share of the previous fiscal period's net income (loss) (as per Schedule 50)

Enter the partner's share of the previous fiscal period's net income or loss from any source calculated using the computational rules provided under subparagraphs 53(1)(e)(i) and 53(2)(c)(i). The calculation of net income or loss for income tax purposes excludes amounts not allowed as deductions under the Act such as club dues. If this is the first time you are filing Schedule 50, or the partnership did not have to file a return for the previous fiscal period based on the filing criteria, enter the partner's share as you would have calculated it for the end of the previous fiscal period.

Line 330 – Capital contributions in the fiscal period

Include for each partner only the amounts that the partnership has already received and the amounts that the partnership can legally collect.

Line 340 – Withdrawals in the fiscal period

Include as drawings for the fiscal period:

- salary or wages paid to the partner;
- the cost of products available for sale that the partner consumed;
- a partner's personal expenses that the partnership paid;
- amounts paid to a third party on behalf of the partner;
- return of capital;
- contributions to a registered retirement savings plan (RRSP) on behalf of the partner; and
- any other amounts or benefits the partner received or that flowed through to the partner.

Line 350 – Other adjustments

Include all other amounts that affect the partner's ACB and that are not included in another box, including any adjustments relating to proposed new subsection 96(1.01).

Subsection 96(1.01) generally applies to the 1995 and subsequent tax years. Paragraph 96(1.01)(a) deems a taxpayer who is a former member of a partnership to be a member at the end of the fiscal period in which the taxpayer ceased to be a member, for the purpose of allocating partnership income or loss for that period. This provision clarifies that, although a taxpayer may have ceased to be a member of a partnership before the end of the partnership's fiscal period, an amount of the income or loss of the partnership is allocable to the taxpayer under subsection 96(1). The amount so allocated is relevant to certain calculations relating to partnership income or loss, including the calculation of the ACB of the former member of the partnership immediately before the taxpayer ceased to be a member.

Subsection 96(1.01) applies notwithstanding the rule in paragraph 98.1(1)(d) that would otherwise deem a former partnership member with a residual interest not to be a member of the partnership for the purposes of certain provisions of the Act.

Paragraph 96(1.01)(a) does not require that partnership income or loss be calculated immediately after a member leaves the partnership. The income or loss allocation, including that of the former member, continues to be calculated after the end of the partnership's fiscal period. In some circumstances the fiscal period of a partnership may end in a tax year of the former member that is after the tax year in which the partnership interest was disposed of. It is, therefore, possible that a member will not be required to report a partnership income allocation until the tax year following that in which a capital gain or loss on the disposition of the partnership interest is required to be reported.

Paragraph 96(1.01)(b) clarifies that an income or loss allocation for the "stub period" during which a taxpayer was a member is included in the calculation of the ACB of the partnership interest at the time the former member disposes of the interest or a residual interest. The income or loss allocation will affect the calculation of a capital loss under paragraph 98.1(1)(c) or subsection 100(2).

Example

Ms. Brown was a partner in XYZ Partnership until June 30. The fiscal period of the partnership ends December 31. The ACB of her partnership interest on January 1 was nil. From January to June 30 she withdrew \$16,000 in capital.

Just before the end of the partnership's fiscal period, all the partners agree that Ms. Brown's share of income for the period was \$20,000. On December 30 she was paid \$4,000 in satisfaction of her residual interest.

A summary of Ms. Brown's ACB is as follows:

		ACB
January 1, Year 1		Nil
– Drawings:	(\$16,000)	(\$16,000)
Retirement of Ms. Brown, June 30 December 30		
– Share of income for 6 months:	\$20,000	\$4,000
– Payout of rights to equity: December 31 – Fiscal period ends	\$4,000	Nil

In this example, Ms. Brown is allocated \$20,000 income under subsection 96(1.01). The ACB of her interest immediately before she retired on June 30 was \$4,000 (i.e., \$20,000 less \$16,000). She is deemed by paragraph 98.1(1)(b) to have disposed of her residual interest on December 31 for proceeds of disposition of \$4,000, such that she has no capital gain or loss on the disposition.

Subparagraph 53(1)(e)(v) requires that "rights or things" (referred to in subsection 70(2)) in respect of the partnership interest of a deceased partner be included in the ACB of the partnership interest of the deceased. This provision is no longer relevant to income of the partnership to which a partner is entitled at the time of death, since new subsection 96(1.01) applies to the allocation of partnership income for the fiscal period in which the taxpayer dies.

However, subparagraph 53(1)(e)(v) continues to apply in respect of other rights or things, if any, to which the deceased taxpayer is entitled through the partnership that are required to be included in the income of the deceased taxpayer under subsection 70(2).

Lines 410 to 430 – At-risk amount (ARA)

The limited partner's ARA

Calculating the ARA can be very complex; the partner has to consider many rules, and needs to know the ACB of the limited partner's interest in the partnership.

In simplified terms, a limited partner's ARA is calculated under subsection 96(2.2) as:

$$(a + b + b.1) \text{ minus } (c + d)$$

where

- a is the ACB of the limited partner's interest in the partnership at the time of calculation (amount calculated as indicated in "Calculating the adjusted cost base (ACB) of a partnership interest" on page 56, or the amount in accordance with subsection 96(2.3) where applicable);

Note

Subsection 96(2.3) applies where the limited partner is not the first owner of the interest.

For the at-risk calculation, if the limited partner buys the partnership interest on the secondary market, i.e. a partnership interest acquired from a vendor other than the partnership, the ACB of that partnership interest is calculated as if the cost of the interest to the limited partner is the **lesser** of the following amounts:

- the cost otherwise determined; and
- the greater of:
 - the ACB to the vendor immediately before the sale of the interest, (if this is a negative amount, we consider the ACB to be nil); and
 - nil.
- b is any partnership income allocated to the limited partner for the fiscal period;

- b.1** are certain amounts deemed under subsections 66.1(7) CEE, 66.2(6) CDE, and 66.4(6) COGPE, for the limited partner for the fiscal period, that relate to certain amounts receivable by the partnership as consideration for property or services or as proceeds of disposition of Canadian resource property;
- c** is any amount that the limited partner (or a person or a partnership not dealing at arm's length with the partner) owes to the partnership (or to a person or partnership not dealing at arm's length with the partnership) but does not include any such amount deducted under subparagraph 53(2)(c)(i.3) in calculating the ACB of the limited partner's interest in the partnership, or under section 143.2 in calculating the cost of that partnership interest;
- d** is any amount or benefit the limited partner, or a person not dealing at arm's length with the limited partner, is entitled to get in any form or manner, immediately or in the future and absolutely or contingently, to reduce the impact of any loss to the partnership interest.

Line 410 – Partner's share of the fiscal period's net income
Enter the amount of partnership income allocated to the limited partner for the fiscal period (amount "b" in the preceding formula) in line 410. **Do not** enter the partner's share of the fiscal period's net loss.

Line 420 – Partner's share in certain reductions of resource expenses for the fiscal period
Enter amount "b.1" in the preceding formula on line 420.

Line 430 – Non-arm's length debt owing and/or benefits receivable
Enter the total of amounts "c" and "d" in the preceding formula on line 430.

References
Section 54
Subsection 96(2.2)

T5013 SCH 52, Summary Information for Partnerships that Allocated Renounced Resource Expenses to their Members

General information

Fill out Form T5013 SCH 52, *Summary Information for Partnerships that Allocated Renounced Resource Expenses to their Members* (Schedule 52), if the partnership invested in flow-through shares of a principal-business corporation.

If the corporation renounced resource expenses, adjusted amounts previously renounced, or allocated amounts for assistance or expenses qualifying for an investment tax credit (ITC), it will issue slip T101, *Statement of Resource Expenses*. Where the expenses from a principal-business corporation flowed through from another partnership, that partnership will have issued a T5013 slip to your partnership.

Use the information from the T101 or T5013 slip to fill out Part 1 of Schedule 52. The amounts in the total lines in Part 1 of Schedule 52 are the amounts you have to allocate to the partners on T5013 slips.

Notes

Attach the completed Schedule 52 to the front of your return for that period.

Attach your cheque to the front of the partnership information return if you are filing the return late and a penalty calculated on Schedule 52 applies. If you do not include this form with the partnership information return, we can apply a penalty. For more information about the penalties, see "Late filing penalty under subsections 66(12.74) and 66(12.75)" on page 21. If you file your return electronically, send your cheque to your tax centre.

Fill out each section of **Part 1 – Renounced Canadian exploration expenses and Canadian development expenses** of this schedule that applies, using a separate line for each T101 or T5013 slip the partnership received during the fiscal period:

- Summary of renounced resource expenses allocated to the members of the partnership and the portion of the reduction subject to an interest-free period;
- Summary of assistance allocated or to be allocated;
- Summary of expenses qualifying for an Investment Tax Credit allocated to the members of the partnership; and
- Summary of expenses qualifying for a provincial tax credit.

Fill out **Part 2 – Calculating the penalty under subsections 66(12.74) and 66(12.75) for filing this summary and the related T5013 slips late**, where applicable.

Filling out Schedule 52

Identification

Enter your partnership's name, account number, and fiscal period end in the appropriate boxes at the top of the schedule.

At the top of page 2, enter the same partnership account number and fiscal period end you entered in the identification section on page 1.

Original or Amended

Tick (✓) the appropriate box.

Part 1 – Renounced Canadian exploration expenses and Canadian development expenses

Columns 100, 200, 300 and 400 – Identification number
Enter the identification number from the T101 slip your partnership received from the principal-business corporation. If the expenses flowed through another partnership, enter that partnership's account number from the T5013 slip your partnership received from that partnership.

Columns 102, 202 and 302 – Effective date of renunciation
Enter the effective date of renunciation of the resource expenses from the T101 slip your partnership received from the principal-business corporation. If the expenses flowed through another partnership, enter that partnership's fiscal period end from the T5013 slip your partnership received from that partnership.

Summary of renounced resource expenses allocated to the members of the partnership and the portion of the reduction subject to an interest-free period

Column 104 and line 120 – Canadian exploration expenses (CEE)

In column 104, enter the CEE from each:

- box 120 of the T101 slips received from each principal-business corporation; and
- box 190 of the T5013 slips received from each partnership.

The column total on line 120 should equal the total of the amounts that you reported in box 190 of the T5013 slips issued to partners.

Column 106 and line 121 – Canadian development expenses (CDE)

In column 106, enter the CDE from each:

- box 121 of the T101 slips received from each principal-business corporation; and
- box 191 of the T5013 slips received from each partnership.

The column total on line 121 should equal the total of the amounts you reported in box 191 of the T5013 slips issued to partners.

Column 108 and line 130 – Portion of any reduction subject to an interest-free period – CEE

In column 108, enter the portion of the reduction for CEE that is available for the interest-free period from each:

- box 130 of the T101 slips received from each principal-business corporation; and
- box 196 of the T5013 slips received from each partnership.

The column total on line 130 should equal the total of the amounts that you reported in box 196 of the T5013 slips issued to partners.

Summary of assistance allocated or to be allocated

Column 204 and line 124 – Canadian exploration expenses

In column 204, enter the CEE assistance from each:

- box 124 of the T101 slips received from each principal-business corporation; and
- box 192 of the T5013 slips received from each partnership.

The column total on line 124 should equal the total of the amounts that you reported in box 192 of the T5013 slips issued to partners.

Column 206 and line 125 – Canadian development expenses

In column 206, enter the CDE assistance from each:

- box 125 of the T101 slips received from each principal-business corporation; and
- box 193 of the T5013 slips received from each partnership.

The column total on line 125 should equal the total of the amounts that you reported in box 193 of the T5013 slips issued to partners.

Summary of expenses qualifying for an Investment Tax Credit (ITC) allocated to the members of the partnership

Column 304 and line 128 – Expenses qualifying for an ITC (mining exploration only)

In column 304, enter the eligible resource expenditures qualifying for ITC from each:

- box 128 of the T101 slips received from each principal-business corporation; and
- box 194 of the T5013 slips received from each partnership.

The column total on line 128 should equal the total of the amounts that you reported in box 194 of the T5013 slips issued to partners.

Column 306 and line 129 – Portion subject to an interest-free period

In column 306, enter the portion of the reduction for CEE (mining only) that is available for the interest-free period from each:

- box 129 of the T101 slips received from each principal-business corporation; and
- box 195 of the T5013 slips received from each partnership.

The column total on line 129 should equal the total of the amounts that you reported in box 195 of the T5013 slips issued to partners.

Summary of expenses qualifying for provincial tax credits

Columns 402, 404, 406 and 408, and lines 141, 143, 144 and 145

Enter, in the appropriate column, the CEE (mining exploration only) that qualifies for provincial tax credits from:

- boxes 141, 143, 144 and 145 of the T101 slips received from each principal-business corporation; and
- boxes 197, 198, 199, and 200 of the T5013 slips received from each partnership.

The column total on lines 141, 143, 144 and 145 should equal the total of the amounts that you reported in boxes 197, 198, 199 and 200 respectively of the T5013 slips issued to partners.

Part 2 – Calculating the penalty under subsections 66(12.74) and 66(12.75) for filing this summary and the related T5013 slips late

If you file the Schedule 52 late, you have to calculate a penalty in this section. The penalty is \$100 to a maximum of \$30,000.

A – Minimum penalty

The minimum penalty is \$100 if you entered a renunciation on lines 120 or 121, and \$100 if you entered assistance on lines 124 or 125.

B – Total of lines 120 and 121, and Total of lines 124 and 125

Enter, in the spaces provided, the totals of amounts you entered on the total lines in Part 1. Multiply the total

amount in each space by 1/4 of 1% (that is, 0.25%), and enter the results in box B of the appropriate column.

C – Maximum penalty

The maximum penalty is \$15,000 if you entered a renunciation on lines 120 or 121, and \$15,000 if you entered assistance on lines 124 or 125.

D – Penalty

Enter the penalty amounts on lines 111 and 222 of line D. The penalty is the middle value of the amounts of lines A, B, and C. If two of these amounts are the same, the penalty is that amount.

Line 307 – Total penalty amount

Add the amounts from line D of both columns and enter their sum on line 307.

Payment – Enter the penalty amount from line 307 of Schedule 52 on line 307 of Form T5013 FIN, *Partnership Financial Return*.

GIFI schedules

Each partnership should include complete financial statement information for the fiscal period of the return using the codes provided for general index of financial information (GIFI).

GIFI schedules include:

- T5013 SCH 100, *Balance Sheet Information*;
- T5013 SCH 125, *Income Statement Information*, and, if necessary, T5013 SCH 140, *Summary Statement*. If you have more than one business line, please fill out a separate SCH 125 for each business line and one SCH 140 to summarize them; and
- T5013 SCH 141, *Financial Statement Notes Checklist*. Schedule 141 is a set of questions designed to determine who prepared the financial statements and the extent of their involvement, and to identify the type of information contained in the notes to the financial statements.

Partnerships that do not have anything to report on their Schedule 100 and 125 are required to tick (✓) “Yes” at line 999 – “Is this a NIL schedule?” and attach Schedules 100 and 125 to their T5013 return.

To help us process the schedules efficiently and quickly, do not use zeroes (000 00), dashes (–), nil, or N/A on the lines when there is nothing to report.

Note

For more information on the GIFI, see Guide RC4088, *General Index of Financial Information (GIFI)*.

Chapter 9 – T5013, Statement of Partnership Income and T5013SUM, Summary of Partnership Income

General information

Form T5013SUM, *Summary of Partnership Income* reports the totals of amounts allocated to the partners on the T5013 slips.

Before you fill out the Summary and the related T5013 slips, make sure that you:

- read “General information about how to fill out the forms and schedules of the return” on page 16 for important information on completing the boxes;
- fill out the T5013 FIN and the related schedules (other than nominee or agent); and
- consider each partner’s membership status within the partnership for income tax purposes (general, limited, or specified) when you calculate the amounts allocated to the partner.

The rules for allocating amounts to partners can vary depending on the type of partner. Therefore, under headings for the various boxes in this chapter, we separated the information for general and limited partners. If there is no difference in the rules, the information is under the heading “All partners.” Wherever necessary, we also provide additional information and instructions for tax shelters and partnerships that invested in flow-through shares.

Note

All partnerships have to fill out Form T5013, *Statement of Partnership Income*, since Form T5013A, *Statement of Partnership Income for Tax Shelters and Renounced Resource Expenses* is now obsolete and cannot be used.

The T5013 slips show only the most commonly used financial boxes. There are also generic boxes with blank codes for less common amounts and information that is not an amount. If you have to use a generic box, enter the box number and the amount or the information in the blank boxes. See the examples on this page.

To help us process the Summary and T5013 slips efficiently and quickly, use the following instructions to prepare these forms:

- Enter all amounts in dollars and cents:
 - Do not use a comma to separate thousands;
 - Do not use a period to separate dollars and cents;
 - Do not use the dollar (\$) sign; and
 - Do not use zeroes (000 00), dashes (–), nil, or N/A in the boxes or financial areas that you are not using.
- If you made an error in a previous fiscal period, do not adjust your current fiscal period Summary and T5013 slips for that error. Instead, file amended forms for the previous fiscal period. For instructions, see “Chapter 3 – After you file” on page 18.

- **Income from foreign countries** – Report all income from foreign countries. Unless the partnership is required to report using a functional currency, convert the foreign income earned by the partnership into **Canadian dollars** using the exchange rate in effect at the time of the transaction. If the transactions occurred at various times throughout the year, use an average exchange rate for the year.
- Fill out a generic text box to identify each foreign country and the income from that foreign country. To number each generic box, use the appropriate box number for the type of income in the first part of the number box and the appropriate three-letter country code from Appendix B on page 79 in the second part of the number box. The partner needs this information to calculate the foreign tax credits separately for each country. For more information, see the examples below, for completing T5013 slips.

Examples

Canadian and foreign net rental income (loss)

A partnership is composed of two members each owning half of the partnership interest. Its Canadian and foreign net rental income is \$250,000. The amount of foreign net rental income included is \$100,000. Of the \$100,000, \$25,000 comes from the United States of America, and \$75,000 from Mexico.

On the T5013 summary and each partner's T5013 slip, enter:

T5013 Summary

Canadian and foreign net rental income (loss)	Box 110	250 000	00
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T5013 Slips (generic boxes)

Box – Case Code Amount – Montant

110	CAN	75 000	00
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Box – Case Code Amount – Montant

110	USA	12 500	00
-----	-----	--------	----

Box – Case Code Amount – Montant

110	MEX	37 500	00
-----	-----	--------	----

Foreign dividend and interest income

A partnership's foreign dividend and interest income of \$8,540 is from Japan. There are five members in the partnership, each owning 20% of the partnership interest.

On the T5013 Summary and each partner's T5013 slip, enter:

T5013 Summary

Box 135 is not totalled or displayed on the summary

T5013 Slips (generic boxes)

Box – Case Code Amount – Montant

135	JPN	1 708	00
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- **Income from multiple provinces or territories** – Fill out a generic box on the T5013 slip, to identify each province or territory and the income from that province or territory. To number each generic box, use the appropriate box number for the type of income in the first part of the number box and two-letter province or territory code from Appendix A on page 78 in the second part of the number box. The partner needs this information to calculate provincial or territorial income tax payable.

Example

Business income from multiple provinces or territories

A partnership business income is \$475 600, 70% is from Alberta and 30% is from Ontario. There are eight members in the partnership, each owning 12.5% of the partnership interest.

On the T5013 summary and each partner's T5013 slip, enter:

T5013 Summary

Total business income (loss)	Box 20	475 600	00
------------------------------	--------	---------	----

T5013 Slips (generic boxes)

Box – Case Code Amount – Montant

116	AB	41 615	00
-----	----	--------	----

Box – Case Code Amount – Montant

116	ON	17 835	00
-----	----	--------	----

- Enter all losses in brackets on the forms. Losses must be identified using a dash (–) when filing the slips electronically (brackets are not accepted when filing electronically).

Example

Limited partnership farming income (loss)

A partnership farming loss is \$26,845.90 (and 100% of it from Ontario). There are five members in the partnership, each owning 20% of the partnership interest.

On a printed version of the T5013 summary and each partner's T5013 slip, enter:

T5013 Summary

Box 101 is not totalled or displayed on the summary

T5013 Slips (generic boxes)

Box – Case Code Amount – Montant

101	ON	(5 369	18)
-----	----	--------	-----

If filing the T5013 summary and each partner's T5013 slip electronically, enter:

T5013 Summary

Box 101 is not totalled or displayed on the summary.

T5013 Slips (generic boxes)

Box – Case Code Amount – Montant

101	ON	-5 369	18
-----	----	--------	----

- Enter the necessary information that is related to specific generic boxes in the other information text box on the bottom left hand side of the T5013 slip.

Example

Investment in film property

A partnership invested in Canadian film property and received \$18,671.92 as income from the investment. There are four members in the partnership, each owning 25% of the partnership interest.

On the T5013 summary and each partner's slip, enter:

T5013 Summary

Box 146 is not totalled or displayed on the summary.

T5013 Slips (generic boxes)

Box – Case Code Amount – Montant

146		4 667	98
-----	--	-------	----

Box – Case Other information – Autres renseignements

147	Canadian film property
-----	------------------------

Filling out the T5013 slip

The T5013 slip gives information to each partner about the partnership's operating results for the fiscal period. It includes income, losses, and other amounts allocated to the partner.

The T5013 slip now includes elements of the obsolete Form T5013A, *Statement of Partnership Income for Tax Shelters and Renounced Resource Expenses*. Tax shelters that previously had to fill out a T5013A slip now have to fill out the T5013 slip instead to report the same type of information.

Fill out one T5013 slip for each partner, and record all relevant information.

For more information regarding amended, additional, cancelled and duplicated slips, see "Amending or cancelling slips" on page 18.

Fixed boxes

Fiscal period end

Enter the four numbers for the year and two numbers for the month and day of the fiscal reporting period end (YYYY/MM/DD). If the partnership ended its operations, see "Final return" on page 19.

Tax shelter identification number

If the partnership is a tax shelter, enter the tax shelter identification number the CRA assigned to the partnership. For more information, see "The tax shelter identification number" on page 13.

Filer's name and address

Enter the full name and complete address associated with the partnership account number you are entering in box 001.

Box 001 – Partnership account number

The filer may be the partnership, or a nominee or an agent. Enter the 15-character partnership account number, which includes the RZ program identifier.

For more information about the account number, see "Partnership account number" on page 16.

Box 002 – Partner code

To identify the status of the partner within the partnership, enter one of the following codes:

"0" for a limited partner, at any time during the fiscal period;

"1" for a specified member who is not a limited partner;

"2" for a general partner;

"3" for a limited partner's exempt interest as defined in subsection 96(2.5);

"4" for a nominee, an agent, a broker, or an advisor that holds an interest in the partnership as nominee or agent for one or more persons, or one or more nominees or agents;

"5" for a partner of a limited liability partnership; or

"6" for a retired member paid under subsection 96(1.1)

Box 003 – Country code

Enter "CAN" if the partner resides in Canada. If the partner resides in a country **other than** Canada, enter the appropriate three-letter code for the country where the partner resides from Appendix B on page 79.

Box 004 – Recipient type

To identify the type of partner, enter:

Residents of Canada

"1" for an individual, other than a trust;

"3" for a corporation; or

"4" for an association, trust (RRSP trustee, fiduciary-trustee, nominee, or estate), club, or partnership.

If you enter code "4" in box 002 for a nominee, an agent, a broker, or an advisor that holds an interest in the partnership as nominee or agent for one or more persons, or one or more nominees or agents, leave box 004 blank.

Box 005 – Partner's share (%) of partnership

Enter the partner's percentage share of the partnership net income (loss) held by the partner at the partnership's fiscal period end. Use up to six decimal places. For example, 10.25% would be written as 010.250000.

Box 006 – Partner's identification number

For a partner that is an individual – Enter the social insurance number (SIN).

The T5013 slip preparer has to make a reasonable effort to get a partner's SIN. However, leave this area blank if the partner:

- has not provided the SIN when you prepare the T5013 slip; or
- does not have a SIN and has to apply for one.

Do not delay completing the annual return beyond the due date.

If a partner provides you with a SIN after you filed the return, prepare an amended T5013 slip.

Penalties may apply if you do not provide the SIN. For more information, see “Failing to provide social insurance numbers (SINs), business numbers (BNs), or other information” on page 21.

For a partner that is a trust – Enter the trust account number. You can get this number from the trustee.

For a partner that is a corporation – Enter the corporation’s 15-character **RC** account number. You can get this number from an officer of the corporation.

For a partner that is a partnership – Enter that partnership’s 15-character **RZ** account number. You can get this number from a partner of the partnership.

For a non-resident partner – If the partner is a non-resident and has already been assigned one of the numbers mentioned above, or an individual tax number (ITN), or a temporary tax number (TTN) issued by the CRA or a 15-character account number assigned by the CRA to the partner for any of its business accounts (payroll deductions (RP), GST/HST (RT), or import/export (RM)), enter this number. Otherwise leave the box blank.

For any other partner that has a business number – Enter the 15-character account number assigned by the CRA to the partner for any of its business accounts (payroll deductions (RP), GST/HST (RT), or import/export (RM)), or for a registered charity or registered Canadian amateur athletic association (RR).

Partner’s name and address

Type or clearly print this information as described below:

Partner’s name

For an individual – Enter the last name first, followed by the usual first name and initials.

For a corporation – Enter the corporation’s full name.

For a partnership – Enter the partnership’s full name.

For a trust – Enter the trust’s full name.

Note 1

Enter the full name, do not use abbreviations, and make sure the punctuation is correct.

Note 2

The partner’s name reported on the slip should be identical to the name reported on line 100 of Schedule 50, applicable for each partner.

Partner’s address

Enter the **complete mailing address** of the partner. If the partner is a trust, enter the **complete mailing address** of the responsible trustee, executor, liquidator, or administrator. Include the following:

- number and street name;
- suite, apartment, or post office box number;
- city;
- province, territory, or state (use the appropriate two-letter code from Appendix A on page 78);
- postal, United States zip, or other such code; and
- country (use “CAN” or the appropriate three-letter code from Appendix B on page 79).

Box 205 – Functional currency code

Enter the functional currency code in a generic text box in the “Other Information” area on the slip (if applicable). For example, enter USD if the functional currency is the US dollar.

Box 010 – Total limited partner’s business income (loss)

This is the total of all the amounts from boxes 104 on the slip.

Box 020 – Total business income (loss)

This is the total of all the amounts from boxes 116 on the slip.

Box 030 – Total capital gains (losses)

This is the total of all the amounts from boxes 151, 153, 154, and 155 on the slip.

Box 040 – Capital cost allowance

All partners – Enter the partner’s share of the capital cost allowance you calculated on Schedule 8 (line 250). Do not include terminal losses in this amount.

The partner needs these amounts to calculate adjusted taxable income for the purpose of calculating federal alternative minimum tax on Form T691, *Alternative Minimum Tax* and the additional tax for minimum tax purposes on the appropriate provincial and territorial tax and credit Form 428.

If you entered an amount in fixed box 040, use a generic text box to enter the amounts requested by the related title of the following boxes for providing additional capital cost allowance information:

- **Box 220** – Capital cost allowance for rental or leasing property.
- **Box 221** – Capital cost allowance for film property.

Generic boxes

Limited partner’s net income (loss)

Limited partners – Losses allocated to a limited partner in a fiscal period that can be used by the limited partner in the tax year are restricted to that limited partner’s at-risk amount (ARA) at the end of the fiscal period of the partnership, minus certain other deductions. For more information, see “The limited partner’s ARA” on page 58 in the Schedule 50 instructions.

You **cannot** allocate a loss that has been created or increased by SR&ED expenditures to a limited partner. For more information, see “Scientific research and experimental development (SR&ED)” on page 25.

Box 101 – Limited partner’s farming income (loss)
(Multi-jurisdictional)

Limited partners only – Allocate the partner’s share of the partnership’s net total farming income.

Box 102 – Agricultural income stabilization

All partners – Enter the partner’s share of the limited partnership’s net total farming income from the AgriStability and AgriInvest Program(s).

Box 103 – Limited partner’s fishing income (loss)
(Multi-jurisdictional)

Limited partners only – Allocate the partner’s share of the partnership’s net total fishing income.

Box 104 – Limited partner’s business income (loss)
(Multi-jurisdictional)

Limited partners only – Allocate the partner’s share of the partnership’s net total business income, other than farming income.

Do not deduct carrying charges incurred for earning any investment income. These amounts are included in box 210.

Partnerships that are tax shelters – Enter the reduced expenditure amount after applying section 143.2.

If there is business income from foreign countries, fill out a generic financial box to identify each foreign country.

Box 105 – Limited partner’s at-risk amount

Limited partners only – Enter the amount of the limited partner’s at-risk amount (ARA).

Note

Include a note in generic text box 105 in the “Other information” area of the T5013 slip and do not report a financial amount in the generic financial box if:

- the partnership interest is a limited partner’s exempt interest as described under the heading “Limited partner’s exempt interest” on page 87, and
- you have entered partner code “3” on line 106 of Schedule 50 indicating a limited partner’s exempt interest.

Box 106 – Limited partner’s adjusted at-risk amount

Limited partners only – Enter the limited partner’s adjusted at-risk amount (ARA). This is the limited partner’s ARA reduced by the limited partner’s share of any investment tax credit and any farming losses. A limited partner’s share of resource expenses is restricted to the partner’s adjusted ARA. For more information about the adjusted ARA, see “Boxes 173 to 176 – Resource expenses” on page 70.

Box 107 – Limited partner’s rental income (loss)

Limited partners only – Allocate the partner’s share of the partnership’s net rental income (non-business activity rental income (loss) from property).

Do not deduct carrying charges incurred for earning the non-business rental income. These amounts are included in box 210.

If there is rental income from foreign countries, do not deduct any tax the foreign country withheld from the amount of foreign income. Report the foreign tax withheld in box 171. Fill out a generic financial box to identify each

foreign country. For information on the generic box number, see “Examples” on page 62.

Partnerships that are tax shelters – Enter the reduced expenditure amount after applying section 143.2.

Box 108 – Limited partner’s loss available for carry forward

Limited partners only – Enter the amount of the limited partner’s limited partnership loss (LPL), which is the amount of the loss allocated to the limited partner that is restricted by the limited partner’s ARA. See “Limited partnership loss (LPL)” on page 86.

The limited partner can carry this amount forward indefinitely and deduct it in a later year if, at that time, the limited partner has a positive ARA after deducting the amounts specified under subparagraph 111(1)(e)(ii).

Note

Report the amount of the current fiscal period’s partnership losses that the limited partner can use in the current tax year in boxes 101 to 107, as they apply.

Box 109 – Previous loss carry forward eligible in the current year

Limited partners only – Enter the amount of the limited partner’s LPL previously carried forward that the partner may be able to claim in the current tax year. The partner can deduct this amount only if the partner has a positive ARA in respect of the partnership and only to the extent permitted by paragraph 111(1)(e).

Box 113 – Return of capital

All partners – Enter the non-taxable amounts that the limited partnership distributed to the partner. The partners need these amounts to reduce the adjusted cost base of the limited partnership interest.

Canadian and foreign net business income (loss)

If the partnership has foreign business income or losses, fill out a generic box to identify each foreign country. For information on the generic box number, see “Examples” on page 62.

Partnerships that invested in flow-through shares – Do

not include in boxes 116, 120, 124, or 126 any renounced resource expenses entered in boxes 190 to 193 on a T5013 slip.

Box 114 – Other income

Allocate the partner’s share of any other partnership reconciled net income that is not included in boxes 116 to 126. Do not allocate a loss in box 114. Do not include investment income allocated in box 146.

Box 115 – Type of other income

Describe the other income you allocated in box 114. Use a generic text box on the slip under section “Other information.”

Box 116 – Business income (loss) (Multi-jurisdictional)

All partners (other than limited partners) – Allocate the partner’s share of the partnership’s reconciled net total business income or loss. Do not include farming or fishing income in box 116 because they should be reported in boxes 124 and 126 respectively.

If there is business income from foreign countries, fill out a generic financial and jurisdictional code box to identify each foreign country.

Box 117 – Gross Canadian and foreign rental income
Enter the partner's share of the partnership's gross Canadian and foreign rental income.

Note

The amount cannot be a negative amount.

Box 118 – Gross business income (Multi-jurisdictional)
Enter the partner's share of the partnership's gross business income.

Box 119 – Foreign business income that is exempt from Canadian tax due to a tax convention or agreement (Multi-jurisdictional)
Enter any part of foreign business income that is exempt from Canadian tax due to a tax convention or agreement. The partner needs this information to fill out Form T1139, *Reconciliation of 2016 Business Income for Tax Purposes*. Use a generic financial box on the slip. Fill out a different generic text box to identify each foreign country.

Box 120 – Professional income (loss) (Multi-jurisdictional)
All partners – Allocate the partner's share of the partnership's reconciled net total professional income.

Box 121 – Gross professional income (Multi-jurisdictional)
Enter the partner's share of the partnership's gross professional income.

Box 122 – Commission income (loss) (Multi-jurisdictional)
All partners – Allocate the partner's share of the partnership's reconciled net total commission income.

Use a generic financial box on the slip.

Box 123 – Gross commission income (Multi-jurisdictional)
Enter the partner's share of the partnership's gross commission income.

Box 124 – Farming income (loss) (Multi-jurisdictional)
All partners (other than limited partners) – Allocate the partner's share of the partnership's reconciled net total farming income.

Box 125 – Gross farming income (Multi-jurisdictional)
Enter the partner's share of the partnership's gross farming income.

Box 126 – Fishing income (loss) (Multi-jurisdictional)
All partners (other than limited partners) – Allocate the partner's share of the partnership's reconciled net total fishing income.

Box 127 – Gross fishing income (Multi-jurisdictional)
Enter the partner's share of the partnership's gross fishing income.

Box 149 – Total business income (loss) from an active business carried on in Canada
If the partner is a corporation – Allocate the total income or loss from an active business carried on in Canada. Use a generic financial box on the slip.

Box 150 – Canadian manufacturing and processing profits under subsection 125.1(3)

If the partner is a corporation – Allocate the Canadian manufacturing and processing profits under subsection 125.1(3). Use a generic financial box on the slip.

Canadian and foreign investments and carrying charges

Box 110 – Canadian and foreign net rental income (loss) (Multi-jurisdictional)

All partners (other than limited partners) – Allocate the partner's share of the partnership's reconciled net rental income (**non-business activity** rental income (loss) from property).

Do not deduct carrying charges incurred for earning the non-business rental income. These amounts are included in box 210.

If there is foreign rental income, do not deduct any tax the foreign country withheld from the amount of foreign income. Report the foreign tax withheld in box 171. Fill out a generic financial box to identify each foreign country.

Box 111 – Foreign net rental income (loss) (Multi-jurisdictional)

All partners (other than limited partners) – Enter the partner's share of the partnership's reconciled foreign net rental income (**non-business activity** rental income (loss) from property) already included in box 110. Use a generic financial box on the slip. Fill out a generic financial and jurisdictional code box to identify each foreign country.

Do not deduct any tax the foreign country withheld from the amount of foreign income. Report the foreign tax withheld in box 171.

Box 112 – Foreign net rental income that is exempt from Canadian tax due to a tax convention or agreement (Multi-jurisdictional)

All partners – Enter any part of foreign rental income that is exempt from Canadian tax due to a tax convention or agreement. Use a generic financial box on the slip. Fill out a generic financial and jurisdictional code box to identify each foreign country and the article and paragraph of the applicable tax treaty.

The partner needs this information to fill out Form T2209, *Federal Foreign Tax Credits*.

Box 128 – Interest from Canadian sources

All partners – Allocate the partner's share of interest income from Canadian sources that the partnership received, or is considered to have received.

Do not deduct carrying charges incurred for earning the interest income. These amounts are included in box 210.

Do not include interest income from a business activity that you already included in box 116, 124, or 126.

The partnership may be able to deduct interest paid to a partner on a loan from that partner. The interest the partnership paid is the partner's interest income. Report the partner's interest income on a T5 slip, not on a T5013 slip.

Note

The amount cannot be a negative amount.

Box 129 – Actual amount of dividends (other than eligible dividends)

All partners – Allocate the partner's share of the actual amount of dividends other than eligible dividends that the partnership received, or is considered to have received, from taxable Canadian corporations.

Do not deduct carrying charges incurred for earning the dividend income. These amounts are included in box 210.

Note

The amount cannot be a negative amount.

Box 130 – Taxable amount of dividends (other than eligible dividends)

Partners who are individuals resident in Canada

(including trusts but not a trust that is a registered charity) and **partnerships** – Enter 25% more than the amount reported in box 129 if the dividends were paid in 2013.

Enter 18% more than the amount reported in box 129 if the dividends were paid in 2014 or 2015. For dividends paid in 2016 or later, enter 17% more than the amount reported in box 129.

Partners who are corporations – Do not enter an amount in box 130 if the partner is a corporation.

Box 131 – Dividend tax credit for dividends (other than eligible dividends)

Partners who are individuals resident in Canada

(including trusts but not a trust that is a registered charity) and **partnerships** – The amount entered in box 131 is 13.3333% of the taxable amount reported in box 130 for dividends paid during 2013. If the dividends were paid in 2014 or 2015, the amount entered in box 131 is 11.0169%, of the taxable amount reported in box 130. For dividends paid in 2016 or later, the amount entered in box 131 is 10.5217% of the taxable amount reported in box 130.

Partners who are corporations – Do not enter an amount in box 131 if the partner is a corporation.

Box 132 – Actual amount of eligible dividends

All partners – Allocate the partner's share of the actual amount of eligible dividends that the partnership received, or is considered to have received, from taxable Canadian corporations.

Do not deduct carrying charges incurred for earning the dividend income. These amounts are included in box 210.

Box 133 – Taxable amount of eligible dividends

Partners who are individuals resident in Canada

(including trusts but not a trust that is a registered charity) and **partnerships** – Enter the sum of the amount reported in box 132 plus the eligible dividend gross-up.

The eligible dividend gross-up is the result of multiplying the amount reported in box 132 by the appropriate percentage for the fiscal period:

■ 38%.

Partners who are corporations – Do not enter an amount in box 133 if the partner is a corporation.

Box 134 – Dividend tax credit for eligible dividends

Partners who are individuals resident in Canada

(including trusts but not a trust that is a registered charity) and **partnerships** – Enter the result of multiplying the

eligible dividend gross-up by the appropriate fraction for the fiscal period:

■ 6/11; or 15.0198% of the amount entered in box 133.

Partners who are corporations – Do not enter an amount in box 134 if the partner is a corporation.

Box 135 – Foreign dividend and interest income (Multi-jurisdictional)

All partners – Allocate the partner's share of the combined dividend and interest income from sources outside Canada. Use a separate generic financial box for amounts from each country. Fill out a generic financial code box to identify each foreign country, using the three-letter country code from Appendix B on page 79.

Do not deduct any tax that the foreign country withheld from the foreign income. Report the amount of any foreign taxes withheld in box 171.

Do not deduct carrying charges incurred for earning the foreign dividend and interest income. These amounts are included in box 210.

Note

The amount cannot be a negative amount.

Box 136 – Foreign investment income that is exempt from Canadian tax due to a tax convention or agreement (Multi-jurisdictional)

All partners – Enter any part of foreign investment income that is exempt from Canadian tax due to a tax convention or agreement. Use a generic financial box on the slip. Fill out a generic financial code box to identify each foreign country, using the three-letter country code from Appendix B on page 79.

The partner needs this information to fill out Form T2209, *Federal Foreign Tax Credits*.

Box 137 – Business investment loss

All partners – Allocate the partner's share of the business investment loss. See the definition of "Business investment loss" on page 24.

If you entered an amount in box 137, use a generic financial box on the slip under section "Other information" to enter the amounts or other information requested by the related title into the following relevant boxes.

Tax shelters – If your partnership is a tax shelter with many business investment losses, fill out one box only and enter "Tax shelter business investment loss" in generic box 138.

Box 138 – Name of the Small Business Corporation

Box 139 – Number and class of shares, or type of debt owed by the Small Business Corporation

Box 140 – Insolvency, bankruptcy, or wind-up date

Box 141 – Date the partnership bought the shares or acquired the debt

Box 142 – Proceeds of disposition

Box 143 – Adjusted cost base of the shares or debt

Box 144 – Outlays and expenses on the disposition

The partners have to provide the information to us when they use the amount to calculate their allowable business

investment loss deduction using “Chart 6 – How to claim an allowable business investment loss,” in Guide T4037, *Capital Gains*.

Box 145 – Dividend rental arrangement compensation payments

All partners – Allocate the partner’s share of compensation payments that the partnership paid or received for earning dividend income from dividend rental arrangements. Use a generic financial box on the slip.

Box 146 – Other investment income

All partners – Allocate the partner’s share of other investment income from Canadian sources that the partnership received, or is considered to have received. Use a generic financial box on the slip.

Fill out box 147 to identify the type of investment income. The partners need this information to fill out Form T691, *Alternative Minimum Tax*.

Note

The amount cannot be a negative amount.

Box 147 – Type of investment income

All partners – If you entered an amount in box 146, enter the type of investment income in box 147.

The partner needs this information to calculate adjusted taxable income for calculating the alternative minimum tax on Form T691, *Alternative Minimum Tax* and the additional tax for minimum tax purposes on the appropriate provincial and territorial tax and credit Form 428. Use a generic text box on the slip.

Other amounts and information

Box 151 – Capital gains (losses)

All partners – Allocate the partner’s share of capital gains and losses, and capital gains dividends from the amount you calculated and entered on line 990 of Schedule 6.

Do not include a business investment loss (these amounts are included in box 137).

Do not deduct any allowable reserves for the period. Report the amount of any capital gains reserve that you allocated to the partner in box 159, 223, or 225 (as applicable).

Box 152 – Last fiscal period’s capital gains reserve allocated in the previous year and brought into income for the current year

Note

Do not include the amounts from boxes 222 or 224.

All partners – Allocate the partner’s share of any capital gains reserve brought into income for the current fiscal period.

Box 153 – Qualified small business corporation shares (QSBCS) capital gains (losses) amount eligible for the capital gains exemption

All partners – Allocate the partner’s share of QSBCS capital gains (losses) amount eligible for the capital gains exemption from the amount you entered at line 120 of Schedule 6.

Box 154 – Qualified farm or fishing property (QFFP) capital gains (losses) amount eligible for the capital gains exemption
Provide a breakdown of the amount of gains (or losses) realized before April 21, 2015, in a letter to the partner.

All partners – Allocate the partner’s share of QFFP capital gains (losses) amount eligible for the capital gains exemption from the amount you entered at line 220 of Schedule 6.

Box 155 – Capital gains (losses) from QFFP mortgage foreclosures and conditional sales repossessions eligible for the capital gains deduction

Provide a breakdown of the amount of gains (or losses) realized before April 21, 2015, in a letter to the partner.

All partners – Allocate the partner’s share of capital gains (losses) from QFFP mortgage foreclosures and conditional sales repossessions eligible for the capital gains deduction from the amount you entered at line 320 of Schedule 6.

Box 156 – Foreign capital gains (losses) (Multi-jurisdictional)
Enter the capital gains (losses) from a foreign source. If capital gains (or losses) are from one or more foreign countries, report the total amount of capital gain (loss) from each foreign source using separate boxes for each source. The partners need this information to calculate the foreign tax credits on foreign business and non-business income.

Do not deduct any foreign taxes withheld when you calculate the gain (loss). Report the amount of any foreign taxes withheld in box 171.

Box 157 – Foreign capital gains exempt from Canadian tax due to a tax convention or agreement (Multi-jurisdictional)
Enter the foreign capital gain that is exempt from Canadian tax due to a tax convention or agreement. If there is more than one foreign source, use separate boxes for each source. The partners need this information to calculate the foreign tax credits on foreign business and non-business income.

Box 158 – Farming and fishing income eligible for the capital gains deduction from the disposition of eligible capital property that is QFFP

Provide a breakdown of the amount of gains realized before April 21, 2015, in a letter to the partner.

All partners – Allocate the partner’s share of farming or fishing income eligible for the capital gains deduction from the disposition of eligible capital property that is QFFP. The partnership has such income when it has a negative balance on line G in Part 2 of Schedule 10 that is business income (other than the recapture of annual allowances deducted in previous fiscal periods).

Under subsection 14(1.1), we consider a part of the business income from the disposition of eligible capital property that is QFFP to be a taxable capital gain for claiming the capital gains deduction. Calculate this amount in Part 4 of Schedule 10.

Box 159 – Capital gains reserves

All partners – Allocate the partner’s share of any capital gains reserve for the fiscal period.

Note

Do not include the amounts from boxes 223 or 225.

The partner needs this amount to fill out Form T2017, *Summary of Reserves on Dispositions of Capital Property*.

If you entered an amount in box 159, use a generic financial box to enter the amounts requested by the related title of boxes 163 and 165.

Boxes 222 to 225 – Capital gains reserves eligible for the lifetime capital gains exemption

Where a capital gains reserve is claimed and included in income in a later year, the amount of the capital gains exemption that can be claimed in that later year is limited to the dollar limit for the year of disposition. Partnerships should report the total capital gains reserves in the appropriate box on the slip but provide any necessary break-down to the partners on a separate document.

Box 222 – Prior year reserves from qualified farm or fishing property (QFFP)

Use this information to fill out Part 1, Section A of Form T2017, *Summary of Reserves on Dispositions of Capital Property*.

Box 223 – Current year reserves from qualified farm or fishing property (QFFP)

Use this information to fill out Part 1, Section A of Form T2017, *Summary of Reserves on Dispositions of Capital Property*.

Box 224 – Prior year reserves from qualified small business corporation shares (QSBCS)

Use this information to fill out Part 1, Section B of Form T2017, *Summary of Reserves on Dispositions of Capital Property*.

Box 225 – Current year reserves from qualified small business corporation shares (QSBCS)

Use this information to fill out Part 1, Section B of Form T2017, *Summary of Reserves on Dispositions of Capital Property*.

Box 163 – Capital gains reserve from other property

All partners – Allocate the partner's share of any capital gains reserve for the fiscal period for other property.

Box 165 – Capital gains reserve from non-qualifying securities the partnership donated to a qualified donee

If all or part of the capital gains are from making a donation to a qualified donee of a non-qualifying security (described in subsection 118.1(18)), other than an excepted gift (described in subsection 118.1(19)), the partnership may qualify to claim a reserve as described in subsection 40(1.01).

For gifts of non-qualifying securities, the reserve you can claim **cannot** be greater than the eligible amount of the gift.

For fiscal periods ending before the end of the 60-month period following the donation of the non-qualifying security, the partnership must bring into income the preceding fiscal period's capital gains reserve, if it claimed a reserve. During this period, if the donee still holds the property, or the security is still a non-qualifying security, the partnership can claim a current fiscal period's capital gains reserve for the donated non-qualifying security.

If the donee disposes of the security, or the security ceases to be a non-qualifying security, before the end of the 60-month period following its donation, the partners may qualify to claim the donation. For more information, see "Box 182 – Eligible amount of charitable donations and government gifts" on page 71.

All partners – Allocate the partner's share of any capital gains reserve for the fiscal period for non-qualifying securities the partnership donated to a qualified donee.

Box 166 – Capital gains reserve from gifts of non-qualifying securities – Eligible amount

Enter the eligible amount of the gifts of non-qualifying securities (other than excepted gifts) the partnership donated to a qualified donee in respect of which the capital gains were realized and a reserve is available.

Box 167 – Capital gains reserve from gifts of non-qualifying securities – Advantage

Enter the amount of advantage of the gifts of non-qualifying securities (other than excepted gifts) the partnership donated to a qualified donee in respect of which the capital gains were realized and a reserve is available.

Box 168 – Income tax deducted

All partners – Allocate the partner's share of **income tax withheld at source from amounts paid or credited** to the partnership in the fiscal period.

Use a generic financial box on the slip.

Examples

If the partnership operates a farming business, tax may have been withheld at source from patronage dividends. In this case, the partnership should have received a T4A slip, *Statement of Pension, Retirement, Annuity, and Other Income*, on which box 022 shows the amount of income tax deducted.

If the partnership operates a fishing business, tax may have been withheld from fish or marine deliveries. In this case, if the fisher's designated employer issues a T4 slip, *Statement of Remuneration Paid*, to the partnership, box 22 shows the amount of income tax deducted.

Do not include "tax the partner may have paid by instalments" in this box.

Notes

The partnership **cannot** withhold tax from a partner's share of income, a partner's drawings from the partnership, or salaries or wages paid to the partner as allocations of partnership income. Further, the partnership is **not** responsible for deducting and remitting income tax instalment payments on amounts allocated to the partners.

However, on an individual basis, each partner may have to make instalment payments of income tax due on partnership income using Form INNS3, *Instalment Remittance Form*.

Reference

Guide T7B – CORP, *Corporation Instalment Guide*

Boxes 169 and 170 – Part IX.1 tax

For SIFT partnerships – Once you have calculated the Part IX.1 tax according to the formula provided under section 197, the Part IX.1 tax payable and related information is entered in a generic financial box as follows:

Box 169 – Part IX.1 tax

Enter the amount of Part IX.1 tax payable for the tax year.

Box 170 – Taxable non-portfolio earnings (TNPE)

Enter the amount of TNPE for the tax year (amount “A” in the formula of subsection 197(2)).

For more information about Part IX.1 tax, see “How is Part IX.1 tax calculated?” on page 12.

Box 171 – Foreign tax paid on non-business income (Multi-jurisdictional)

All partners – Enter the partner’s share of foreign taxes that the partnership paid on non-business income.

Use a separate generic financial and jurisdictional box to report the foreign income tax that the partnership paid or that was withheld from non-business income for each foreign country.

Reference

Income Tax Folio S5-F2-C1, *Foreign Tax Credit*

Box 172 – Foreign tax paid on business income (Multi-jurisdictional)

All partners – Enter the partner’s share of foreign taxes that the partnership paid on business income.

Use a separate generic financial and jurisdictional box to report the foreign income tax that the partnership paid or that was withheld on business income for each foreign country.

Reference

Income Tax Folio S5-F2-C1, *Foreign Tax Credit*

Boxes 173 to 181 – Resource-related deductions

See Schedule 12 for amounts to be allocated and more information on resource-related deductions.

Use a generic financial box to enter the amounts or other information requested by the related title of the following boxes:

Boxes 173 to 176 – Resource expenses

Do not include in boxes 173 and 174 any renounced resource expenses entered in boxes 190 and 191 of a T5013 slip.

General partners – Allocate, in the appropriate box, the partner’s full share of Canadian exploration expenses (CEE), Canadian renewable and conservation expenses (CRCE), Canadian development expenses (CDE), Canadian oil and gas property expenses (COGPE), and foreign exploration and development expenses (FEDE) that the partnership incurred.

The partners will calculate the allowable deductions for the current fiscal period based on their own cumulative CEE, CRCE, CDE, COGPE, and FEDE pools.

Limited partners – You have to restrict a limited partner’s share of resource expenses to the partner’s adjusted at-risk amount. The adjusted at-risk amount (ARA) is the ARA reduced by the limited partner’s share of any investment tax credit and any farming losses. However, the entitlement to any assistance which results in a reduction in a limited partner’s cumulative CEE, CDE, or COGPE pools does not reduce a limited partner’s ARA.

The limited partner’s share of the resource expenses that are **greater** than the adjusted ARA reduces the limited partner’s share of resource expenses in the following order:

1. Canadian oil and gas property expenses (COGPE);

2. Canadian development expenses (CDE);
3. Canadian exploration expenses (CEE), and Canadian renewable and conservation expenses (CRCE); and
4. Foreign exploration and development expenses (FEDE).

Note

If there are excess resource expenses that you cannot allocate to the limited partner in the current fiscal period, you can add the excess to that class of expenses that the partnership incurs in the next fiscal period. Therefore, you can carry forward the limited partner’s excess indefinitely, and allocate it when the limited partner can deduct it.

Enter the limited partner’s share in the relevant box(es):

Box 173 – Canadian exploration expenses (CEE) other than Canadian renewable and conservation expenses (CRCE) – from line 150 of Schedule 12;

Box 206 – Canadian renewable and conservation expenses (CRCE) – from line 152 of Schedule 12;

Box 174 – Canadian development expenses (CDE) – from line 250 of Schedule 12;

Box 175 – Canadian oil and gas property expenses (COGPE) – from line 350 of Schedule 12; and

Box 176 – Foreign exploration and development expenses (FEDE) (Multi-jurisdictional) – from line 455 of Schedule 12. If you allocate an amount in box 176, fill out a generic financial and jurisdiction code box for each foreign country. The partners need this information to calculate the cumulative FEDE pool separately for each country.

Box 177 – Recapture of earned depletion
Enter the partner’s share of the earned depletion recapture, from line 550 of Schedule 12, which you included in arriving at the net income (loss) reported in box 116.

Boxes 179 to 181 – Resource expenses assistance
Do not include in boxes 179 to 181 any assistance entitlement from “renounced resource expense assistance” entered in boxes 192 and 193 of a T5013 slip.

General partners – Allocate, in the appropriate box, the partner’s full share of assistance for CEE, assistance for CDE, and assistance for COGPE that the partnership received. The partners will use these amounts when they calculate the allowable deductions for the current fiscal period based on their own cumulative CEE, CDE, and COGPE pools.

Limited partners – You have to restrict a limited partner’s share of resource expenses to the limited partner’s adjusted at-risk amount (ARA).

Enter the limited partner’s share in the relevant box(es):

Box 179 – Assistance for Canadian exploration expenses (CEE) – from line 160 of Schedule 12;

Box 180 – Assistance for Canadian development expenses (CDE) – from line 260 of Schedule 12; and

Box 181 – Assistance for Canadian oil and gas property expenses (COGPE) – from line 360 of Schedule 12.

Boxes 182 to 185 – Charitable donations, gifts, and political donations

See Schedule 2 for amounts to be allocated and more information on charitable donations, gifts, and political donations. Use a generic financial box to enter the amounts requested by the related title of the following boxes.

If you have made gifts of cultural property, you must have received Form T871, *Cultural Property Income Tax Certificate*. If you have made gifts of ecologically-sensitive land, you must have received a certificate issued by the federal minister of the environment.

You do not have to attach official receipts, certificates, or other supporting documents to this schedule. However, you must keep them in your records as we may ask to see them later.

Box 182 – Eligible amount of charitable donations and government gifts

All partners – Allocate the partner's share of the eligible amount of the charitable donations and government gifts you reported on lines 210 and 310 of Schedule 2.

Box 183 – Eligible amount of cultural and ecological gifts

All partners – Allocate the partner's share of the eligible amount of all cultural and ecological gifts you reported on lines 410 and 510 of Schedule 2.

Cultural Gifts

Generally, the fair market value (FMV) of a property, acquired under a gifting arrangement that is a tax shelter, is deemed to be the lesser of the FMV of the property and its cost to the donor. Where the property that is the subject of a gift is a certified cultural property, the FMV is determined by the Canadian Cultural Property Export Review Board and this deeming rule does not apply. For a gift of certified cultural property made after February 10, 2014, this deeming rule applies when the certified cultural property is acquired as part of a gifting arrangement that is a tax shelter.

Ecological gifts

For gifts of ecologically sensitive land made after February 10, 2014, the carry-forward period is extended from 5 years to 10 years and the gift must be made to a qualified donee.

As the current T5013 slip has only one box for this reporting, partnerships should provide partners with the necessary break down. Partners will need to know these two amounts separately.

Reference

Interpretation Bulletin IT-407-CONSOLID, *Dispositions of Cultural Property to Designated Canadian Institutions*

Box 184 – Eligible amount of federal political contributions

All partners – Allocate the partner's share of the eligible amount of monetary contributions to a registered federal political party, a provincial or territorial division of a registered federal party, a registered association, or a candidate, as those terms are defined in the *Canada Elections Act*, you reported on line 610 of Schedule 2.

Box 185 – Eligible amount of provincial and territorial political contributions (Multi-jurisdictional)

All partners – Allocate the partner's share of eligible contributions to a registered provincial or territorial

political party, or to a registered candidate in a provincial or territorial election you reported on line 710 of Schedule 2.

Some provinces and territories also allow contributions to a registered constituency association. Contact the provincial or territorial authorities for more information.

Box 207 – Eligible amount of municipal political contributions (Multi-jurisdictional)

All partners – Allocate the partner's share of eligible contributions to a registered municipal political party or to a registered candidate for election to a municipal political office in accordance with the partner's share of amounts reported on line 910 of Schedule 2.

Box 208 – Eligible amount of medical gifts

Corporate partners only – Allocate the partner's share of eligible gifts of medicine in accordance with the corporate partner's share of amounts on line 810 of Schedule 2.

Box 209 – Part XII.2 Tax Credit

Canadian resident partners only – The partnership may be a beneficiary of a trust that has paid Part XII.2 tax. If the partnership is not a "designated beneficiary" as defined in section 210, and has received trust income allocations on which a Part XII.2 tax credit may be claimed by partners who are eligible beneficiaries, enter the Canadian resident partner's share of the Part XII.2 refundable tax credit in box 209.

Box 210 – Total carrying charges (Multi-jurisdictional)

All partners – Allocate the partner's share of carrying charges that the partnership incurred for earning all investment income. This includes all amounts covered in paragraphs 20(1)(c) to (f).

This is the total of boxes 211 to 216.

If you entered an amount in box 210, use a generic financial box to enter the amounts requested by the related title of the following boxes for providing additional carrying charges information.

Notes

The partner needs this amount to calculate adjusted taxable income for the purpose of calculating the alternative minimum tax on Form T691, *Alternative Minimum Tax* and the additional tax for minimum tax purposes on the appropriate provincial and territorial tax and credit Form 428.

If carrying charges in boxes 211 to 216 include Canadian and foreign sources, fill out a generic financial and jurisdiction code box to identify each foreign country.

The partner needs this information to calculate foreign tax credits, separately for each country on Form T2209, *Federal Foreign Tax Credits*.

Box 211 – Carrying charges on interest and dividend income

Box 212 – Carrying charges on rental income

Box 213 – Carrying charges on film property

Box 214 – Carrying charges on resource property and flow-through shares

Box 215 – Carrying charges for acquiring an interest in a partnership of which you are a limited or non-active partner, or which owns a rental or leasing property or a film property

Box 216 – Carrying charges (Multi-jurisdictional) – other

Box 186 – Investment tax credit allocated from the partnership (Multi-jurisdictional)

Fill out generic financial boxes for each type of property or expenditure eligible for the investment tax credits (ITC) to advise the partners of any ITC to which the partner is entitled.

Enter:

- “186” in the first part of the number box; and
- the partner’s share of the ITC in the amount box.

Do not include any ITC for qualified CEE expenditures. We consider that partners earn the ITC for those expenditures, and they do not flow through the partnership to any partner. A qualified CEE does not include expenditures incurred after 1990.

Note

You cannot allocate to **specified members** the ITC earned on qualified scientific research and experimental development (SR&ED) expenditures. A limited partner is considered to be a specified member.

The members of the partnership may have claimed ITC on materials that were transformed, or on equipment used for performing SR&ED in Canada. In some cases, you may have to recapture some or all of the ITC. For more information, see “Investment tax credit recapture” on page 25.

Specified member – You can allocate the ITCs that the partnership earned according to each specified member’s share of the ITCs at the end of the partnership’s fiscal period. However, you cannot allocate the ITCs earned on qualified SR&ED expenditures to specified members (see the definition of “specified member” on page 87.)

Limited partner – Subsection 127(8.1) may limit the amount of ITC the partnership can allocate to a limited partner. Therefore, due to these rules, the amount of ITC the partnership can allocate to a limited partner may be less than the amount that the partnership can allocate to a general partner.

The partnership can allocate to a limited partner the part of the ITC it can attribute to the limited partner (other than the ITC on SR&ED expenditures) but that amount cannot exceed the **lesser of**:

- the limited partner’s ARA in the partnership at the end of the partnership’s fiscal period; and
- the portion of the limited partner’s ITC that would have arisen had the partnership only made an expenditure equal to the limited partner’s expenditure base as calculated under subsection 127(8.2).

Generally, under subsection 127(8.3), any ITC that cannot be allocated to a limited partner or a specified member in a fiscal period can be allocated to other partners who are not specified members. This includes any SR&ED ITC that cannot be allocated to a specified member due to the

restriction in paragraph 127(8)(b). This also includes any ITC that could not be allocated to a limited partner due to the constraint in subsection 127(8.1).

Allocation of Unallocated Partnership ITCs

Subsection 127(8.3) provides rules for allocating to certain partners a portion of any partnership ITCs that remain after the allocations under subsections 127(8) and (8.1). In general, ITCs that could remain for allocation after the application of those subsections would be SR&ED ITCs (which cannot be allocated to a specified member of the partnership) and other ITCs (including any ITC related to an apprenticeship expenditure or a child care space amount) that cannot be allocated to a limited partner because the allocation is restricted by the limited partner’s expenditure base and at-risk amount.

Essentially, partnership ITCs that cannot be allocated to specified members of a partnership may be added to the investment tax credits allocated to members of the partnership who were not specified members of the partnership at any time in its fiscal period. This additional allocation under subsection 127(8.3) is to be based on what is reasonable in the circumstances (having regard to the investment in the partnership, including debt obligations of the partnership, of each such member of the partnership). Also, the partner has to be a member of the partnership throughout the fiscal period of the partnership.

The amount available for such an allocation is determined under subsection 127(8.31). The amount available, if greater than zero, is the amount by which the partnership’s total ITCs for its fiscal period is greater than the total of:

- the partnership ITCs allocated to general partners who are not specified members; and
- the amount of ITCs allocated to specified members of the partnership. This amount does not include SR&ED ITCs because such amounts cannot be allocated to specified members. In addition, this amount does not include other ITCs (such as apprenticeship expenditure ITCs) that cannot be allocated to limited partners because of the restriction in subsection 127(8.1).

Under subsection 127(8.4), a partner can elect to renounce all or a portion of the additional ITCs allocated to that partner pursuant to subsection 127(8.3). Where the partner makes that election, those ITCs are extinguished.

References

- Form T932, *Election by a member of a partnership to renounce investment tax credits pursuant to subsection 127(8.4)*
- Form T2038 (IND), *Investment Tax Credit (Individuals)*
- Form T2 SCH 31, *Investment Tax Credit – Corporations (2012 and later taxation years)*.
- Information Circular IC78-4, *Investment Tax Credit Rates*, and its Special Release

Box 187 – Investment tax credit transferred under subsection 127(8.3)

Partners that are not specified members – Fill out generic financial boxes to advise the partners of any share of excess ITC that the partnership can allocate under subsection 127(8.3) to partners that are not specified members.

Box 188 – Excess ITC recapture

Enter the amount of excess ITC recapture that the partner has to include in Part I tax. For more information, see “Investment tax credit recapture” on page 25.

Box 189 – ITC type code

Enter the appropriate ITC type code for the type of property’s expenditure on a generic text box in the “Other information” area on the slip.

For all types of ITCs (other than SR&ED) allocated from a partnership to an individual, the individual will need to divide the credit amount in box 186 or 187 by the applicable rate to determine the expenditure or investment amount to enter on Form T2038 (IND).

The types of ITC that can be allocated are:

- SR&ED, 15% rate (code 4B);
- qualified property or “transitional rate” qualified resource property, 10% rate (code 12);
- apprenticeship job creation tax credit, 10% (code 6);
- ITC for child care spaces, 25% rate (code 7).

Reference

Form T2038(IND), *Investment Tax Credit (Individuals)*

Tax shelter information

This section provides instructions for the tax shelter information, and the allocation of renounced Canadian exploration and development expenses boxes that were previously entered on the T5013A slip. This information now has to be entered on the new revised T5013 slip, which combines elements of the former T5013 and T5013A slips that were used in prior years.

Renounced Canadian exploration and development expenses

Provide the information described in this section if the partnership invested in flow-through shares of a principal-business corporation. If the corporation allocated renounced resource expenses, amended amounts previously renounced, amounts for assistance, or expenses qualifying for an ITC, it will issue slip T101, *Statement of Resource Expenses*. A partnership that is a partner in a partnership that has invested in flow-through shares of a corporation will now be issued a T5013 slip by the partnership.

Use the information from the T101 and T5013 slips to fill out Part 1 of Schedule 52. The amounts on the total lines in Part 1 on Schedule 52 are the amounts you have to allocate to the partners.

A **limited partner’s** share of resource expenses is restricted to the partner’s adjusted ARA. For information on calculating the ARA, see “The limited partner’s ARA” on page 58.

Partners will calculate the allowable deductions for the current fiscal period based on their own cumulative CEE and CDE pools.

Box 190 – Renounced Canadian exploration expenses

Box 191 – Renounced Canadian development expenses
Allocate, in the appropriate boxes, the total amounts on lines 120 and 121 in Part 1 of Schedule 52 as follows:

General partners – Allocate, in the appropriate box, the partner’s **full** share of renounced CEE and renounced CDE that the partnership allocated to its members.

Limited partnerships – You have to restrict a limited partner’s share of renounced resource expenses to the limited partner’s **adjusted** ARA.

Box 192 – Assistance for Canadian exploration expenses

Box 193 – Assistance for Canadian development expenses
Allocate, in the appropriate box, the partner’s **full** share of any assistance for CEE previously renounced, and CDE previously renounced, that the partnership allocated to its members from lines 124 and 125 in Part 1 of Schedule 52.

Box 196 – Portion subject to an interest-free period – CEE
Allocate the partner’s **full** share of the reduction available for the interest-free period that the partnership allocated to its members from line 130 in Part 1 of Schedule 52. This is the amount an individual is entitled to, due to an adjustment to an amount affected by the look-back rule.

Box 194 – Expenses qualifying for an ITC

Fill out this box only if the partner, including an end member, **is an individual other than a trust**. Those partners need these amounts to fill out Form T2038(IND), *Investment Tax Credit (Individuals)*.

Allocate the partner’s **full** share of any Canadian exploration expenses (surface exploration in the mining sector only) that qualify for ITC that the partnership allocated to its members from line 128 in Part 1 of Schedule 52.

Note

Box 194 is used to report the expenses qualifying for an ITC in relation to the mineral exploration tax credit (and applies only to an individual other than a trust); therefore this ITC does not need to be reported in boxes 186 and 189.

Box 195 – Portion subject to an interest-free period – ITC
Allocate the partner’s **full** share of the reduction available for the interest-free period that the partnership allocated to its members from line 129 in Part 1 of Schedule 52. This is the amount an individual is entitled to, due to an adjustment to an amount affected by the look-back rule.

Boxes 197 to 200 – Expenses qualifying for provincial tax credits

Box 197 – Expenses qualifying for a provincial tax credit – BC

Box 198 – Expenses qualifying for a provincial tax credit – SK

Box 199 – Expenses qualifying for a provincial tax credit – MB

Box 200 – Expenses qualifying for a provincial tax credit – ON
Allocate, in the appropriate box, the partner’s **full** share of any Canadian exploration expenses (mining only) that qualify for a provincial tax credit that the partnership allocated to its members from lines 141, 143, 144 and 145 in Part 1 of Schedule 52.

Partners, including end members, who are individuals (excluding trusts) need these amounts to claim the provincial tax credit. Where the expenses qualify for this tax credit, some provinces require that the individual be a resident of the province at the end of the calendar year.

Note

Some provinces require the partnership to provide the partners with the appropriate provincial tax credit form to claim these credits. See the relevant legislation and regulations for the provinces.

Tax shelter information

Fill out this section if the tax shelter sold units to the partner in the fiscal period. The partners use this information when they claim any tax shelter losses or deductions reported on the T5013 slip.

Box 201 – Number of units acquired

Enter the number of units in the tax shelter the investor **acquired in the fiscal period**. Do not include units previously reported in a prior filing. Enter the number of units in the generic text boxes in the “Other information” area on the slip.

Box 202 – Cost per unit

Enter the acquisition cost of each unit in the tax shelter the investor acquired in the fiscal period. Do not include units acquired in previous fiscal periods.

Box 203 – Total cost of units

Enter the total cost of the units (multiply the amount in box 201 by the amount in box 202).

Box 204 – Other indirect reductions

Enter the amount of any indirect reduction of the expenditure under subparagraph 143.2(6)(b)(iii).

Provincial Tax Credits

Partners may be able to claim provincial tax credits that relate to their share of certain amounts allocated from the partnership. If there are no specific boxes on the T5013 slip to report such amounts, partnerships should nonetheless provide partners with the necessary information to claim any applicable provincial tax credits.

Note

Additional information on the various provincial tax credits can be found in the individual and corporate income tax guides. You can also see the relevant legislation and regulations for the provinces.

Filling out the T5013SUM, Summary of Partnership Income

For the fiscal period

Enter the four numbers for the year and the two numbers for the month and day, for both the start and the end of the fiscal period for which you are filing this summary, as entered at line 060 of the T5013 FIN, *Partnership Financial Return*.

Partnership’s account number

The partnership, nominee or an agent who is filing this return must enter the partnership’s 15-character RZ account number on this line.

Name of the partnership

Enter the partnership’s full name as entered in the “Identification” area of the T5013 FIN, *Partnership Financial Return*, immediately under the “Partnership’s account number,” and the postal code or zip code of the partnership’s address. If the filer is a nominee or an agent, enter the partnership information, as requested above, and fill out the nominee or agent’s information that follows.

Are you a nominee or agent?

If you are a nominee or an agent for the partnership, tick (✓) the box provided, and fill out the additional information that follows immediately below.

If the filer is the partnership, this line (are you a nominee or agent) and the two lines below (name of nominee or agent and nominee or agent’s account number) do not have to be filled out.

Name of the nominee or agent

Enter the full name and postal or zip code that belongs to the nominee or agent’s account number.

Nominee or agent’s account number

Enter the 15-character RZ account number of the nominee or agent.

Is the partnership a tax shelter?

If the partnership is a tax shelter, tick (✓) the box provided, and fill in the tax shelter identification number.

Box 009 – Total number of T5013 slips attached

Enter the number of T5013 slips issued to partners or investors for the fiscal period.

Reporting amounts and information from T5013 slips

Use the section under box 009, on the summary, to report the **total** of amounts you reported on all related T5013 slips filed with this summary. This section reflects the same categories of income and losses you reported on the T5013 slips.

Fixed Boxes – The fixed boxes on this form are the same as the fixed boxes on the T5013 slips. Report in each fixed box the totals of amounts allocated to the partners on the T5013 slips.

Box 010 – Total limited partner’s business income (loss)
Enter the total of box 010 from all T5013 slips.

Box 020 – Total business income (loss)
Enter the total of box 020 from all T5013 slips.

Box 030 – Total capital gains (losses)
Enter the total of box 030 from all T5013 slips.

Box 040 – Capital cost allowance
Enter the total of box 040 from all T5013 slips.

Generic financial boxes – Report in the generic boxes on the summary the totals of amounts allocated to the partners on the T5013 slips in the six generic boxes on the summary.

Box 110 – Canadian and foreign net rental income (loss)
Enter the total of box 110 from all T5013 slips.

Box 120 – Professional income (loss)
Enter the total of box 120 from all T5013 slips.

Box 190 – Renounced Canadian exploration expenses
Enter the total of box 190 from all T5013 slips.

Box 191 – Renounced Canadian development expenses
Enter the total of box 191 from all T5013 slips.

Box 194 – Expenses qualifying for an ITC
Enter the total of box 194 from all the T5013 slips.

Box 210 – Total carrying charges
Enter the total of box 210 from all the T5013 slips.

For more information, see the examples in the “General information” on page 62.

Person to contact about this return

Provide the name and telephone number of a person familiar with the records, books of account, and the partnership’s financial operations.

We will contact that person if we need more information to process the T5013 information return or when we review it.

Certification

Provide the information requested. The authorized signing officer of the filer has to sign in the space provided.

Provide the name of the preparer of the information return in the box immediately below and the date it was prepared.

Chapter 10 – Transactions with non-residents of Canada

Returns required

In addition to completing the partnership information return, if your partnership has transactions with non-residents, it may also have to fill out the following information returns:

NR4SUM	<i>Summary of Amounts Paid or Credited to Non-Residents of Canada; and the</i>
NR4	<i>Statement of Amounts Paid or Credited to Non-Residents of Canada</i>
T4A-NRSUM	<i>Summary of Fees, Commissions, or Other Amounts Paid to Non-Residents for Services Rendered in Canada and the</i>
T4A-NR	<i>Statement of Fees, Commissions, or Other Amounts Paid to Non-Residents for Services Rendered in Canada</i>
T106	<i>Information Return of Non-Arm’s Length Transactions with Non-Residents</i>
T1134	<i>Information Return Relating to Controlled and Not-Controlled Foreign Affiliates (2011 and later tax years)</i>
T1141	<i>Information Return in Respect of Contributions to Non-Resident Trusts, Arrangements or Entities</i>
T1142	<i>Information Return in Respect of Distributions from and Indebtedness to a Non-Resident Trust</i>

Reference
Section 233.1

Payments to non-residents of Canada

In addition to completing T5013 slips, the partnership may also have to fill out copies of Form NR4, *Statement of Amounts Paid or Credited to Non-Residents of Canada*, and the Form NR4SUM, *Summary of Amounts Paid or Credited to Non-Residents of Canada*.

If a non-resident provides services in Canada to a partnership, the partnership has to fill out Form T4A-NR, *Statement of Fees, Commissions, or Other Amounts Paid to Non-Residents of Canada for Services Rendered in Canada*, and Form T4A-NRSUM, *Summary of Fees, Commissions, or Other Amounts Paid to Non-Residents for Services Rendered in Canada*.

If, after reading this guide, you need more information about withholding requirements, making payments, and filing the NR4 information return or the T4A-NR information return, see Guide T4061, *NR4 – Non-Resident Withholding, Remitting and Reporting*.

Withholding requirements

A partnership that pays or credits, or which we consider to have paid or credited, certain amounts to non-residents has to withhold tax on the income under Part XIII. These amounts include:

- management fee;
- interest;
- estate or trust income;
- rents, royalties, etc.;
- timber royalties;
- dividends, including patronage dividends, motion picture rights and acting services; and
- taxable net income stabilization account (NISA No. 2), and AgriStability and AgriInvest farm income support payments.

Generally, the tax rate for tax you have to withhold is 25%. The percentage may be different under a tax convention or agreement between Canada and a foreign country.

Remit your non-resident tax deductions so that we receive them no later than 15 days after the end of the month in which you withheld the tax. We consider the payment to be received on the date the payment is received by us or at your Canadian financial institution.

To make your payment directly to us, use the remittance voucher from Form NR76, *Non-Resident Tax – Statement of Account*, and send it along with your cheque or money order payable to the receiver general to:

Canada Revenue Agency
875 Heron Road
Ottawa ON K1A 1B1
CANADA

If you prefer to make your payment at your financial institution in Canada, take the completed remittance voucher and the payment to a teller.

Reference
Subsections 212(1), (2), (5) and (5.1), and 215(1)

Penalties for failing to withhold or to remit non-resident tax

A partnership that pays or credits, or which we consider to have paid or credited, certain amounts to or for a non-resident of Canada, but does not withhold (or remit) non-resident tax, is liable for the amount of tax that the partnership should have withheld or remitted, plus a penalty of 10% of the tax. If we have already penalized the partnership, a penalty of 20% of the tax may apply for any more failures in the same calendar year.

We charge interest, compounded daily at a set rate, on the total amount of tax, penalties, and interest levied.

Both penalties and interest are payable to the receiver general.

Reference

Subsections 215(6), 227(8) and (9)

Non-arm's length transactions with non-residents

File Form T106, *Information Return of Non-Arm's Length Transactions with Non-Residents*, if, at any time in your partnership's fiscal period, your partnership did the following:

- carried on a business in Canada, or included a member who was a Canadian resident;
- participated in a reportable transaction with a non-arm's length non-resident person or a partnership of which that non-resident person is a member; and
- had total reportable transactions in the fiscal period of more than \$1,000,000 for all the non-residents.

Form T106 consists of the T106 Summary and the T106 slip. File a separate T106 slip for each non-resident.

File Form T106 no later than the date when your return is due. If you file Form T106 late, the partnership will be subject to a penalty. For more information, see Form T106.

Reference

Sections 233.1 and 251

Foreign affiliates

If your partnership is described in subparagraph 233.4(1)(c)(i), and has a foreign affiliate as described in subparagraph 233.4(1)(c)(ii), your partnership has to file Form T1134, *Information Return Relating to Controlled and Not-Controlled Foreign Affiliates (2011 and later tax years)* no later than 15 months after the end of your partnership's fiscal period. For more information, see Form T1134.

Reference

Section 233.4

Transfers or loans to a non-resident trust

If, in any year, your partnership made a transfer or loan to a specified foreign trust, the property is considered to have been transferred or lent by the members of the partnership. As a result, each member of your partnership has to file Form T1141, *Information Return in Respect of Contributions to*

Non-Resident Trusts, Arrangements or Entities. However, the members can elect to file jointly.

In general, the members of the partnership have to file Form T1141 no later than the day on which they have to file their tax returns for the tax year that includes the end of the trust's year. Where a joint election is made, Form T1141 must be filed on or before the latest day on which Form T1141 would have been due if not for the joint filing.

Reference

Subsections 233.2(3), (4) and (5)

Distributions from and indebtedness to a non-resident trust

If your partnership is a beneficiary of a non-resident trust (other than an excluded trust or an estate that arose on death) and it received a distribution from or was indebted to the non-resident trust in the year, your partnership will have to file Form T1142, *Information Return in Respect of Distributions from and Indebtedness to a Non-Resident Trust*.

Your partnership has to file Form T1142 no later than the day on which you have to file your partnership information return.

Reference

Subsection 233.6(1)

Penalties for failing to file an information return

If the information returns reporting foreign affiliates and non-arm's length transactions with non-residents are not filed when required, the partnership is subject to a penalty. If the information return reporting transfers or loans to a non-resident trust is not filed when required, the partner is subject to a penalty. The penalty is \$500 a month, to a maximum of \$12,000 for each failure. If we have served a demand to file the information return, the penalty is \$1,000 a month, to a maximum of \$24,000 for each failure. We can assess an additional penalty if, after 24 months, the information returns reporting foreign affiliates and transfers or loans to a non-resident trust still have not been filed.

If the information return reporting distributions from and indebtedness to a non-resident trust is not filed when required, the partnership is subject to a penalty. The penalty is the greater of \$100 or \$25 multiplied by the number of days late up to a maximum of 100 days.

Reference

Subsections 162(7), (10) and (10.1)

Disposing of taxable Canadian property by non-residents

When non-residents dispose of taxable Canadian property, they have to notify us of the proposed or actual disposition by using Form T2062, *Request by a Non-Resident of Canada for a Certificate of Compliance Related to the Disposition of Taxable Canadian Property*.

On a proposed disposition, the seller may either prepay or provide security for the tax that may be payable. The tax is 25% of the estimated proceeds of disposition minus the adjusted cost base of the property. When we receive the

notice and the tax or security, we will issue a **clearance certificate** for the non-resident and the proposed purchaser fixing the amount of the estimated proceeds of disposition.

If the non-resident did not notify us of the proposed disposition or if the information about the proposed disposition changed, the seller has 10 days after the disposition to advise us. When we receive the notice of actual disposition and the tax or security, we will issue a clearance certificate for the non-resident and the purchaser.

If the seller does not prepay or provide security for the tax payable, the buyer may have to pay any tax owing by the seller. This tax is 25% of the cost, or if we issued a certificate for a proposed disposition, the tax is 25% of the cost minus the proceeds of disposition (certificate limit) fixed by that certificate. The buyer has to send this amount to us no later than 30 days after the end of the month in which the property was acquired. The buyer is entitled to recover the tax paid on behalf of the seller and can withhold amounts from any later payments to the seller.

The buyer is not liable for the seller's tax if we issued a certificate to the non-resident seller and the buyer for the actual disposition.

In addition to Form T2062, you may have to file one or more of the following:

- **for dispositions of Canadian resource property**, use Form T2062A, *Request by a Non-Resident of Canada for a Certificate of Compliance Related to the Disposition of Canadian Resource or Timber Resource Property, Canadian Real Property (Other Than Capital Property), or Depreciable Taxable Canadian Property*, and the related T2062A SCH 1, *Disposition of Canadian Resource Property by Non-Residents*;
- **for dispositions of Canadian real property (other than capital property), Canadian timber resource property, and depreciable taxable Canadian property**, use Form T2062A; and
- **for dispositions of a life insurance policy in Canada**, use Form T2062B, *Notice of Disposition of a Life Insurance Policy in Canada by a Non-Resident of Canada*, and the related T2062B SCH1, *Certification and Remittance Notice*.

References

Subsections 116(1) to (5)

Information Circular IC72-17, *Procedures Concerning the Disposition of Taxable Canadian Property by Non-Residents of Canada – Section 116*

Disposing of taxable Canadian property by a partnership with non-resident partners

For a disposition by a partnership with non-resident partners, we will accept one Form T2062 filed for all non-resident partners.

With the notice, we need a list of **all** the non-resident partners with each non-resident partner's:

- complete Canadian and foreign address;
- complete Canadian social insurance number, corporation business number, trust account number, partnership business number, or non-resident account number;
- percentage of the taxable Canadian property that each non-resident partner owns; and
- amount of the prepayment or security allocated to each of the non-resident partners.

We will then issue one certificate of compliance, Form T2064(C), *Certificate with Respect to the Proposed Disposition of Property by a Non-Resident of Canada*, or Form T2068(C), *Certificate with Respect to the Disposition of Property by a Non-Resident of Canada*, and attach a list of the above information.

The partnership is responsible for giving the relevant information to each non-resident partner. Each partner's actual tax liability will be calculated when we assess each partner's return for the year.

References

Information Circular IC76-12, *Applicable Rate of Part XIII tax on Amounts Paid or Credited to Persons in Countries with which Canada has a Tax Convention*
Information Circular IC77-16, *Non-Resident Income Tax*
Interpretation Bulletin IT-81, *Partnerships – Income of Non-Resident Partners*
Interpretation Bulletin IT-155, *Exemption from Non-Resident Tax on Interest Payable on Certain Bonds, Debentures, Notes, Hypothecs, or Similar Obligations*, and its Special Release
Interpretation Bulletin IT-361, *Exemption from Part XIII Tax on Interest Payments to Non-Residents*
Income Tax Folio S5-F1-C1, *Determination of an Individual's Residence Status*

Appendix A – Canadian province or territory, or U.S. state, territory, or possession codes

Use the following abbreviations when you enter the Canadian province or territory, or U.S. state, territory or possession code:

Canada

Alberta	AB	Northwest Territories	NT	Québec	QC
British Columbia	BC	Nova Scotia	NS	Saskatchewan	SK
Manitoba	MB	Nunavut	NU	Yukon	YT
New Brunswick	NB	Ontario	ON		
Newfoundland and Labrador	NL	Prince Edward Island	PE		

United States

Alabama	AL	Iowa	IA	Ohio	OH
Alaska	AK	Kansas	KS	Oklahoma	OK
American Samoa	AS	Kentucky	KY	Oregon	OR
Arizona	AZ	Louisiana	LA	Palau	PW
Arkansas	AR	Maine	ME	Pennsylvania	PA
Armed Forces Americas (except Canada)	AA	Marshall Islands	MH	Puerto Rico	PR
Armed Forces Africa	AE	Maryland	MD	Rhode Island	RI
Armed Forces Canada		Massachusetts	MA	South Carolina	SC
Armed Forces Europe		Michigan	MI	South Dakota	SD
Armed Forces Middle East		Micronesia (Federation states of)	FM	Tennessee	TN
Armed Forces Pacific	AP	Minnesota	MN	Texas	TX
California	CA	Minor Outlying Islands	UM	Utah	UT
Colorado	CO	Mississippi	MS	Vermont	VT
Connecticut	CT	Missouri	MO	Virgin Islands	VI
Delaware	DE	Montana	MT	Virginia	VA
District of Columbia	DC	Nebraska	NE	Washington	WA
Florida	FL	Nevada	NV	West Virginia	WV
Georgia	GA	New Hampshire	NH	Wisconsin	WI
Guam	GU	New Jersey	NJ	Wyoming	WY
Hawaii	HI	New Mexico	NM		
Idaho	ID	New York	NY		
Illinois	IL	North Carolina	NC		
Indiana	IN	North Dakota	ND		
		Northern Mariana Islands	MP		

Appendix B – Country codes

Use the following abbreviations when you have to enter a country code:

Country	Code	Country	Code	Country	Code
Afghanistan	AFG	Côte d'Ivoire (Ivory Coast).....	CIV	Israel.....	ISR
Åland Islands	ALA	Croatia.....	HRV	Italy	ITA
Albania	ALB	Cuba	CUB	Jamaica	JAM
Algeria.....	DZA	Curaçao.....	CUW	Japan	JPN
American Samoa.....	ASM	Cyprus.....	CYP	Jersey.....	JEY
Andorra.....	AND	Czech Republic.....	CZE	Jordan.....	JOR
Angola.....	AGO	Denmark	DNK	Kazakhstan	KAZ
Anguilla	AIA	Djibouti	DJI	Kenya	KEN
Antarctica.....	ATA	Dominica	DMA	Kiribati.....	KIR
Antigua and Barbuda	ATG	Dominican Republic	DOM	Korea, Democratic People's Republic of (North).....	PRK
Argentina.....	ARG	Ecuador	ECU	Korea, Republic of (South).....	KOR
Armenia.....	ARM	Egypt.....	EGY	Kuwait	KWT
Aruba.....	ABW	El Salvador	SLV	Kyrgyzstan.....	KGZ
Australia.....	AUS	Equatorial Guinea	GNQ	Lao People's Democratic Republic	LAO
Austria.....	AUT	Eritrea.....	ERI	Latvia	LVA
Azerbaijan.....	AZE	Estonia.....	EST	Lebanon.....	LBN
Azores.....	AZO	Ethiopia.....	ETH	Lesotho	LSO
Bahamas	BHS	Falkland Islands (Malvinas)	FLK	Liberia.....	LBR
Bahrain	BHR	Faroe Islands.....	FRO	Libya	LYB
Bangladesh	BGD	Fiji	FJI	Liechtenstein.....	LIE
Barbados	BRB	Finland	FIN	Lithuania	LTU
Belarus.....	BLR	France.....	FRA	Luxembourg	LUX
Belgium.....	BEL	French Guiana	GUF	Macao	MAC
Belize.....	BLZ	French Polynesia	PYF	Macedonia, the Former Yugoslav Republic of.....	MKD
Benin.....	BEN	French Southern Territories	ATF	Madagascar.....	MDG
Bermuda.....	BMU	Gabon	GAB	Madeira Islands.....	MDR
Bhutan	BTN	Gambia.....	GMB	Malawi.....	MWI
Bolivia, Plurinational State of.....	BOL	Georgia.....	GEO	Malaysia	MYS
Bonaire, Sint Eustatius and Saba ..	BES	Germany	DEU	Maldives.....	MDV
Bosnia and Herzegovina	BIH	Ghana.....	GHA	Mali	MLI
Botswana.....	BWA	Gibraltar.....	GIB	Malta	MLT
Bouvet Island	BVT	Greece.....	GRC	Marshall Islands.....	MHL
Brazil.....	BRA	Greenland.....	GRL	Martinique	MTQ
British Indian Ocean Territory.....	IOT	Grenada	GRD	Mauritania.....	MRT
Brunei Darussalam.....	BRN	Guadeloupe.....	GLP	Mauritius.....	MUS
Bulgaria.....	BGR	Guam.....	GUM	Mayotte.....	MYT
Burkina Faso (Upper Volta).....	BFA	Guatemala	GTM	Mexico.....	MEX
Burundi	BDI	Guernsey.....	GGY	Micronesia, Federated States of...FSM	
Cabo Verde	CVE	Guinea.....	GIN	Moldova, Republic of.....	MDA
Cambodia (Kampuchea)	KHM	Guinea Bissau	GNB	Monaco	MCO
Cameroon	CMR	Guyana.....	GUY	Mongolia	MNG
Campione.....	CMP	Haiti	HTI	Montenegro.....	MNE
Canada	CAN	Heard Island and McDonald Islands	HMD	Montserrat.....	MSR
Canary Islands	CNP	Holy See (Vatican City State).....	VAT	Morocco.....	MAR
Cayman Islands	CYM	Honduras.....	HND	Mozambique.....	MOZ
Central African Republic	CAF	Hong Kong.....	HKG	Myanmar (Burma)	MMR
Chad.....	TCD	Hungary.....	HUN	Namibia	NAM
Chile.....	CHL	Iceland	ISL	Nauru.....	NRU
China (Mainland)	CHN	India.....	IND	Nepal.....	NPL
Christmas Island (Australia)	CXR	Indonesia	IDN	Netherlands	NLD
Cocos (Keeling) Islands.....	CCK	Iran, Islamic Republic of	IRN	New Caledonia.....	NCL
Columbia.....	COL	Iraq.....	IRQ		
Comoros.....	COM	Ireland.....	IRL		
Congo	COG	Isle of Man.....	IMN		
Congo, Democratic Republic of (formerly Zaire)	COD				
Cook Islands.....	COK				
Costa Rica	CRI				

Country	Code	Country	Code	Country	Code
New Zealand.....	NZL	Saint Vincent and the Grenadines	VCT	Tonga	TON
Nicaragua.....	NIC	Samoa.....	WSM	Trinidad and Tobago	TTO
Niger.....	NER	San Marino	SMR	Tunisia	TUN
Nigeria.....	NGA	Sao Tome and Principe	STP	Turkey.....	TUR
Niue	NIU	Saudi Arabia	SAU	Turkmenistan	TKM
Norfolk Island.....	NFK	Senegal.....	SEN	Turks and Caicos Islands	TCA
Northern Ireland.....	GBR	Serbia.....	SRB	Tuvalu.....	TUV
Northern Mariana Islands.....	MNP	Seychelles	SYC	U ganda.....	UGA
Norway	NOR	Sierra Leone	SLE	Ukraine.....	UKR
O man	OMN	Singapore.....	SGP	United Arab Emirates	ARE
P akistan	PAK	Sint Maarten (Dutch part).....	SXM	United Kingdom (including Northern Ireland)	GBR
Palau	PLW	Slovakia (Slovak Republic).....	SVK	United States	USA
Panama.....	PAN	Slovenia.....	SVN	United States Minor Outlying Islands.....	UMI
Papua New Guinea	PNG	Solomon Islands	SLB	Uruguay	URY
Paraguay	PRY	Somalia.....	SOM	Uzbekistan	UZB
Peru.....	PER	South Africa	ZAF	V anuatu (New Hebrides)	VUT
Philippines.....	PHL	South Georgia and the South Sandwich Islands	SGS	Venezuela, Bolivarian Republic of	VEN
Pitcairn	PCN	South Sudan.....	SSD	Viet Nam	VNM
Poland.....	POL	Spain.....	ESP	Virgin Islands, British	VGB
Portugal.....	PRT	Sri Lanka	LKA	Virgin Islands, U.S.....	VIR
Puerto Rico	PRI	Sudan	SDN	W allis and Futuna.....	WLF
Q atar	QAT	Surinam.....	SUR	West Bank and Gaza Strip.....	PSE
R éunion	REU	Svalbard and Jan Mayen.....	SJM	Western Sahara	ESH
Romania	ROU	Swaziland	SWZ	Y emen	YEM
Russian Federation.....	RUS	Sweden.....	SWE	Z ambia	ZMB
Rwanda	RWA	Switzerland	CHE	Zimbabwe	ZWE
S aint Barthélemy.....	BLM	Syrian Arab Republic	SYR	A ll other countries	OMC
Saint Helena, Ascension and Tristan da Cunha.....	SHN	T aiwan.....	TWN		
Saint Kitts and Nevis	KNA	Tajikistan	TJK		
Saint Lucia	LCA	Tanzania United Republic of	TZA		
Saint Martin (French part)	MAF	Thailand.....	THA		
Saint Pierre and Miquelon	SPM	Timor Leste	TLS		
		Togo.....	TGO		
		Tokelau	TKL		

Appendix C – Related forms and publications

You can get the following publications at cra.gc.ca/forms, or by calling 1-800-959-5525. These publications will help you prepare the T5013 partnership information return.

Effective September 30, 2012, all archived Interpretation Bulletins were cancelled and removed from the CRA website. For more information, see “Introducing income tax folios” at cra.gc.ca/tx/tchncl/ncmtx/ntrfls-eng.html.

Interpretation bulletins and income tax folios

IT-79	<i>Capital Cost Allowance – Buildings or Other Structures</i>	IT-297	<i>Gifts in Kind to Charity and Others</i>
IT-81	<i>Partnerships – Income of Non-Resident Partners</i>	IT-320	<i>Qualified investments – Trusts Governed by Registered Retirement Savings Plans, Registered Education Savings Plans and Registered Retirement Income Funds</i>
IT-95	<i>Foreign Exchange Gains and Losses</i>	IT-361	<i>Exemption from Part XIII Tax on Interest Payments to Non-Residents</i>
IT-123	<i>Transactions Involving Eligible Capital Property</i>	IT-364	<i>Commencement of Business Operations</i>
IT-143	<i>Meaning of Eligible Capital Expenditure</i>	IT-371	<i>Rental Property – Meaning of “Principal Business”</i>
IT-147	<i>Capital Cost Allowance – Accelerated Write-Off of Manufacturing and Processing Machinery and Equipment</i>	IT-397	<i>Amounts Excluded from Income – Statutory Exemptions and Certain Service or RCMP Pensions, Allowances and Compensation, and its Special Release</i>
IT-155	<i>Exemption from Non-Resident Tax on Interest Payable on Certain Bonds, Debentures, Notes, Hypothecs, or Similar Obligations, and its Special Release</i>	IT-407-CONSOLID	<i>Dispositions of Cultural Property to Designated Canadian Institutions</i>
IT-159	<i>Capital Debts Established to be Bad Debts</i>	IT-413	<i>Election by Members of a Partnership under subsection 97(2)</i>
IT-170	<i>Sale of Property – When Included in Income Computation</i>	IT-430-CONSOLID	<i>Life Insurance Proceeds Received by a Private Corporation or a Partnership as a Consequence of Death</i>
IT-195	<i>Rental Property – Capital Cost Allowance Restrictions</i>	IT-434	<i>Rental of Real Property by Individual, and its Special Release</i>
IT-218	<i>Profit, Capital Gains and Losses from the Sale of Real Estate, Including Farmland and Inherited Land and Conversion of Real Estate from Capital Property to Inventory and Vice Versa</i>	IT-443	<i>Leasing Property – Capital Cost Allowance Restrictions, and its Special Release</i>
IT-242	<i>Retired Partners</i>	IT-448	<i>Dispositions – Changes in terms of securities, and its Special Release IT-448SR</i>
IT-244	<i>Gifts by Individuals of Life Insurance Policies as Charitable Donations</i>	IT-460	<i>Dispositions – Absence of Consideration</i>
IT-259	<i>Exchange of Property</i>	IT-471	<i>Merger of Partnerships</i>
IT-273	<i>Government Assistance – General Comments</i>	IT-477-CONSOLID	<i>Capital Cost Allowance – Patents, Franchises, Concessions and Licences</i>
IT-274	<i>Rental Properties – Capital Cost of \$50,000 or More</i>	IT-479	<i>Transactions in securities, and its Special Release</i>
IT-278	<i>Death of a Partner or of a Retired Partner</i>	IT-484	<i>Business Investment Losses</i>
IT-288	<i>Gifts of Capital Properties to a Charity and Others</i>	IT-491	<i>Former Business Property, and its Special Release</i>
		S1-F5-C1	<i>Related persons and dealing at arm’s length</i>
		S3-F4-C1	<i>General Discussion of Capital Cost Allowance</i>
		S3-F8-C1	<i>Principal-business Corporations in the Resource Industries</i>
		S4-F16-C1	<i>What is a Partnership?</i>
		S5-F1-C1	<i>Determining an Individual’s Residence Status</i>
		S5-F2-C1	<i>Foreign Tax Credit</i>

Information circulars

- IC00 *Voluntary Disclosures Program*
- IC01-1 *Third-Party Civil Penalties*
- IC05-1 *Electronic Record Keeping*
- IC07-1 *Taxpayer Relief Provisions*
- IC71-14 *The Tax Audit*
- IC72-17 *Procedures Concerning the Disposition of Taxable Canadian Property by Non-Residents of Canada – Section 116*
- IC73-13 *Investment Clubs, and its Special Release*
- IC76-19 *Transfer of Property to a Corporation Under Section 85*
- IC77-16 *Non-Resident Income Tax*
- IC78-4 *Investment Tax Credit Rates, and its Special Release*
- IC78-10 *Books and Records Retention/Destruction*
- IC82-2 *Social Insurance Number Legislation That Relates to the Preparation of Information Slips*
- IC97-2 *Customized Forms*

Pamphlet

- P113 *Gifts and Income Tax*

Guides

- RC4015 *Reconciliation of Business Income for Tax Purposes*
- RC4060 *Farming Income and the AgriStability and AgriInvest Programs Guide – Joint Forms and Guide*
- RC4088 *General Index of Financial Information (GIFI)*
- RC4408 *Farming Income and the AgriStability and AgriInvest Programs Harmonized Guide*
- T4002 *Business and Professional Income*
- T4003 *Farming and Fishing Income*
- T4036 *Rental Income, includes Form T776*
- T4037 *Capital Gains*
- T4061 *NR4 – Non-Resident Tax Withholding, Remitting and Reporting*
- T4088 *Scientific Research and Experimental Development (SR&ED) Expenditures Claim – Guide to Form T661*
- T7B – CORP *Corporation Instalment Guide*

Appendix D – References, acronyms and definitions

The following references, acronyms and definitions are provided for your information. More information about some of the subjects in this guide can be found in other related income tax guides, income tax folios, interpretation bulletins (IT), information circulars (IC), and the *Income Tax Act*. See the list of related publications in Appendix C on pages 81 and 82 as well as the references listed at the end of many paragraphs in this guide.

References in this guide and on partnership forms

Return – Throughout this guide, unless otherwise indicated, the word “return” refers to the *Partnership Information Return*.

T1 return – Throughout this guide, the term “T1 return” refers to an individual’s personal Income Tax and Benefit Return.

Partnership – Throughout this guide and on the forms, when we use the word “partnership,” we are referring only to partnerships, including tax shelters that are partnerships.

Partner, member and member of a partnership – Throughout this guide and on the partnership forms, when we refer to a member of a partnership, we may use the words “partner,” “member,” or “member of a partnership.” These terms have the same meaning.

Acronyms

Throughout this guide and on the partnership forms, we use the following acronyms:

ABIL	allowable business investment loss
ACB	adjusted cost base
ARA	at-risk amount
ASPE	accounting standards for private enterprise
BN	business number
CCA	capital cost allowance
CCEE	cumulative Canadian exploration expenses
CDE	Canadian development expenses
CEC	cumulative eligible capital
CECA	cumulative eligible capital amount
CEE	Canadian exploration expenses
CFRE	cumulative foreign resource expense
COGPE	Canadian oil and gas property expenses
CRA	Canada Revenue Agency
CRCE	Canadian renewable and conservation expenses
ECP	eligible capital property
FEDE	foreign exploration and development expenses
FRE	foreign resource expense
GAAP	generally accepted accounting principals
GIFI	general index of financial information
GST	goods and services tax

Income Tax Act – Throughout this guide we refer to the *Income Tax Act* as the Act.

Interest in a partnership, partnership interest, and interest – Throughout this guide and on the forms, when we refer to an interest in a partnership, we may use the words “interest in a partnership,” “partnership interest,” or “interest.” These terms have the same meaning.

Tax year and fiscal period – Under paragraph 96(1)(b), we consider the partnership’s “fiscal period” to be its “tax year.” Throughout this guide and on the related forms, we use the terms “tax year” and “fiscal period” to reflect specific situations. We use them as follows:

- “fiscal period” for situations that relate to choosing the accounting period, calculating the partnership’s income, and reporting the partner’s capital account; and
- “tax year” for situations that relate to calculating the partnership’s taxable income, for flowing amounts out of the partnership to the partners, and when the term “tax year” is used in the Act.

Multiple Jurisdictions (Multi-jurisdictional) – If the partnership’s allocated income is from more than one province or territory, the second box will show a two-letter province or territory code. If the income is from a foreign country, the box will show a three-letter country code.

HST	harmonized sales tax
IFRS	international financial reporting standards
ITC	investment tax credit
ITN	individual tax number
LLP	limited liability partnership
LPL	limited partnership loss
PAE	publicly accountable enterprise
PST	provincial sales tax
QFFP	qualified farm or fishing property
QSBSCS	qualified small business corporation shares
SIFT	specified investment flow-through
SIN	social insurance number
SR&ED	scientific research and experimental development
TTN	temporary tax number
UCC	undepreciated capital cost

Definitions

In this section, we provide definitions for the terms listed below:

Adjusted cost base (ACB) of a partnership interest

The Act does not provide a definition of an interest in a partnership, but generally considers a partner's equity ownership to be a capital property. As a capital property, the partnership interest has a tax value, and the Act provides rules about calculating that value. The partners need to know the tax value of their partnership interest because, when they dispose of all or part of it, the disposition may be subject to rules which may result in a capital gain.

In most cases, the ACB of an interest in the partnership is not the same amount as the original cost of that interest. Therefore, partners have to adjust the cost of their interest to calculate the ACB.

Under the Act, each partner will have one ACB that includes all their interests in the partnership. That is, the Act does not differentiate between different types of interests in a partnership.

For more information, see "Calculating the adjusted cost base (ACB) of a partnership interest" on page 56.

References

Paragraphs 53(1)(e) and 53(2)(c)
Interpretation bulletin IT-430-CONSOLID, *Life Insurance Proceeds Received by a Private Corporation or a Partnership as a Consequence of Death*

At-risk amount (ARA)

The ARA rules apply to **limited partners**. These rules generally limit the amount of loss the limited partners can claim to the amount of the actual at-risk capital.

Note

Negative ACB of a partnership interest – The rule under subsection 40(3.1) **extends** the existing limited partnership at-risk rules that restrict the amount of losses an investor can deduct. Under this rule, limited partners and certain other partners have to report, as a capital gain, any negative ACB in their partnership interest at the end of a fiscal period of the partnership. In particular, the rule ensures that partners cannot circumvent the at-risk rules by allocating partnership losses before making distributions. Therefore, limited partners and certain other partners are not able to extract, tax free, more than the ACB of their interest in the partnership. See "The limited partner's ARA" on page 58.

Reference

Subsections 40(3.1), 96(2.1), 96(2.2) and 96(2.4)

Identification number

Refers to either a social insurance number (SIN), individual tax number (ITN), temporary tax number (TTN), business number (BN), Trust number, or non-resident number.

Fiscal period

We consider the partnership's fiscal period to be its tax year. Generally, the partnership must use the calendar year as its fiscal period in the following situations:

- When at least one of the members of the partnership is:
 - an **individual** (other than a graduated rate estate or an individual to whom the exemptions in section 149 or 149.1 apply),
 - a **professional corporation**, or
 - another **partnership** that has a member that is described above,that would, if the fiscal period ended at the end of the calendar year in which the period began, be a member of the partnership in the period.

Note

If the partnership carries on a business outside Canada, the Act does not require the business to use a December 31 fiscal year end.

- In the case of a partnership (other than a partnership to which subsection 249.1(9) applies (see "Multi-tier election" below) or a partnership described in the first bullet above) that is a **member of another partnership** or **has a member that is another partnership**, if at the end of the calendar year:
 - a corporation has a significant interest, as defined in section 34.2, in the partnership;
 - the partnership is a member of another partnership in which a corporation has a significant interest as defined in section 34.2;
 - a membership interest in the partnership is held directly, or indirectly through one or more partnerships, by a partnership described in the first two points immediately above; or
 - the partnership holds directly, or indirectly through one or more partnerships, a membership interest in a partnership described in any of the first three points immediately above.

Multi-tier election

A partnership in a multi-tier partnership structure must use the calendar year as its fiscal period unless a valid multi-tier alignment election has been filed to align to a common fiscal period.

References

Subsections 102(2), 249.1(9), (10) and (11)
Paragraphs 96(1)(b) and 249.1(1)(c)
Subparagraph 249.1(1)(b)(ii)

Election to use an off-calendar fiscal period under the alternative method

In general, unincorporated businesses such as partnerships are not, for income tax purposes, separate taxable entities, and are not required to file an income tax return. However, the income of unincorporated businesses that flows through partnerships is included in the income tax return of the partners. Where the partnership has an individual (other than a graduated rate estate, or an individual who is

exempt from tax under section 149 or 149.1) as a partner, that partnership must use the calendar year as its fiscal period unless an election to use an off-calendar fiscal period is filed.

However, there can be important reasons unrelated to income tax for the use of a non-calendar fiscal year (for example, using a year-end at a low point in the activity of the business).

The election to use an off-calendar fiscal period under the alternative method is available to any new unincorporated business. However, it must be made on or before the filing due date of the income tax returns of partners who are individuals, which is June 15 of the year following the year in which the business commences. The election cannot be made in a subsequent year. Where the partnership has a graduated rate estate as a member, the election must be filed on or before the earliest of the filing due dates of the members of the partnership for the tax year in which the business commences.

A partner who has the authority to act for the new partnership that carries on business can elect under subsection 249.1(4) to use an off-calendar fiscal period, if:

- the partnership is **not** a member of another partnership; and
- **all** the members of the partnership are individuals (including a testamentary trust, or an individual that is exempt from tax under sections 149 or 149.1).

The election to use an off-calendar fiscal period is only required if the partnership would otherwise be required to have a calendar year due to subparagraph 249.1(1)(b)(ii).

Reference
Subsections 249.1(4) and 96(3)

Revoking your partnership's election to use an off-calendar fiscal period under the alternative method

If your partnership elected under the alternative method to use an off-calendar fiscal period, and now wants to change to a December 31 fiscal year end, that election can be revoked. To revoke an election, an authorized partner has to file Form T1139, *Reconciliation of 2016 Business Income for Tax Purposes*, with the relevant return of income on or before the earliest filing due date for the members of the partnership.

References
Subsection 249.1(6)
Guide RC4015, *Reconciliation of Business Income for Tax Purposes*

Partnerships that cannot use the alternative method to have an off-calendar fiscal period

Partnerships whose expenditures made in the course of carrying on the business were primarily (i.e. more than 50% of its expenditures) the cost or capital cost of tax shelter investments, **cannot** use the alternative method to have an off-calendar fiscal period.

Reference
Subsection 249.1(5)

Flow-through shares

A flow-through share is generally a share of the capital stock of a principal-business corporation that is issued to a

person or a partnership following an agreement in writing. Under the agreement, the corporation will incur Canadian exploration expenses, or certain Canadian development expenses (resource expenses), and renounce those expenses to that person or partnership.

References
Sections 66.1, 66.2, 66.4 and 66.7
Subsections 66(12.68) and 66(15)
Income Tax Folio S3-F8-C1, *Principal-business Corporations in the Resource Industries*

Flow-through shares identification number

We assign a flow-through shares identification number to the principal-business corporation that issues flow-through shares. This identification number has eight digits and has to be included on the slip, Form T101, *Statement of Resource Expenses*, the principal-business corporation issues to the partnership. You have to enter this number on Form T5013 SCH 52, *Summary Information for Partnerships that Allocated Renounced Resource Expenses to their Members*, when you file the return.

Reference
Subsection 66(12.69)

Joint venture

The Act does not define **joint venture**. The term is often incorrectly used to describe an association that may be a partnership. Whether a joint venture is a partnership is a question of fact.

In general terms, we **do not** consider a joint venture to be a partnership when the following conditions apply:

- Each person (participant) keeps ownership of the property. That is, the property is not held under joint tenancy or tenancy in common other than, for example, the land used in a single project to construct an apartment building.
- The joint venture is limited to one project or has a specified end.
- The agreement states that it is not a partnership, and the facts support this.
- The joint venture participants do not act as agents for each other.
- Each joint venture participant receives a share of the gross profits, and shares only expenses for the specific project (that is, they do not operate a business in common).

None of the above factors alone will determine if the relationship is a joint venture or a partnership.

Reference
Income Tax Folio S4-F16-C1, *What is a Partnership?*

Eligible pooling arrangements

Individuals may use a special purpose partnership as an investment agent in an arrangement that is treated as a joint venture. Each individual will be treated as having his or her own share portfolio within the partnership.

Reference
Subsections 44.1(1) and 44.1(3)

Limited partnership loss (LPL)

A limited partner can deduct, on its tax return, its share of the partnership's loss up to the maximum of its ARA at the end of the partnership's fiscal period reduced by any ITC, farming losses and resource expenses the partnership allocated to the limited partner for that fiscal period. The residual amount becomes that limited partner's LPL which the limited partner can carry forward indefinitely and deduct in a later year when the limited partner has a positive at-risk amount for the partnership after deducting the amounts specified under subparagraph 111(1)(e)(ii).

References

Subsection 96(2.1)
Paragraph 111(1)(e)

Nominee or agent

The terms *nominee* and *agent* are not defined in the Act or the Regulations.

For the purposes of filing the return, a nominee or an agent **has to hold an interest** in the partnership **for another person** in order to be considered as a nominee or an agent.

Tax shelter

In general, a **tax shelter** is:

- an **investment in a property** (other than a flow-through share or a prescribed property) or
- a **gifting arrangement** (described below by (a) under the definition of "gifting arrangement")

if it is reasonable to consider, based on statements or representations made or proposed to be made, that within the **first four years** of buying an investment in the property or entering into the gifting arrangement, the person will have losses, deductions, or credits **equal to or more than** the net cost of the investment in the property or of the property acquired under the gifting arrangement.

"Net cost" is the net of any prescribed benefits expected to be received or enjoyed, directly or indirectly, by the person or another person with whom the person does not deal at arm's length. A gifting arrangement that is described in (b) below under the definition of "gifting arrangement" is also considered to be a tax shelter.

The Act defines "tax shelter" and "gifting arrangement" in subsection 237.1(1). For the purposes of the tax shelter rules, a person includes a partnership.

In general, a **gifting arrangement** means any arrangement under which it may reasonably be considered, having regard to statements or representations made or proposed to be made in connection with the arrangement, that if a person were to enter into the arrangement, the person would:

- (a) make a gift to a qualified donee, or a political contribution, of property acquired by the person under the arrangement; or
- (b) incur a limited-recourse debt that can reasonably be considered to relate to a gift to a qualified donee or a political contribution.

Generally, a limited-recourse debt is one where the borrower is not at risk for the repayment.

Property, as defined in subsection 248(1), means property of any kind whatever, whether real or personal and whether tangible or intangible, including a right of any kind whatever and a share or a chose in action (for example, right to sue).

Prescribed property in relation to a tax shelter is defined in section 3101 of the Regulations and means property that is:

- a registered pension plan;
- a registered retirement savings plan;
- a deferred profit-sharing plan;
- a registered retirement income fund;
- a registered education savings plan; or
- shares of:
 - prescribed venture capital corporations;
 - prescribed labour-sponsored venture capital corporations;
 - taxable Canadian corporations held in a prescribed stock savings plan; or
 - a property substituted for such shares.

Prescribed benefits in respect of an interest in a tax shelter are defined in section 3100 of the Regulations, and include, in general, revenue guarantees, contingent liabilities, limited-recourse amounts, and rights of exchange or conversion.

Promoter

A tax shelter **promoter** is any person who, in the course of a business, sells or issues (or promotes the sale, issuance or acquisition of) the tax shelter or acts as an agent or advisor in respect of such activities or accepts (whether as principal or agent) consideration for the tax shelter. This definition applies to all persons responsible for the sale of a tax shelter, including brokers, sales agents and advisors. There may be more than one promoter for the same tax shelter.

For more information, see "Tax shelters" page 12. You can also consult information sheet T5001-instr, *Instructions for applying for a tax shelter identification number*, which is appended to Form T5001, *Application for Tax Shelter Identification Number and Undertaking to Keep Books and Records*.

References

Subsections 110.1(1), 118.1(1), 127(4.1), 143.2(1), 143.2(6.1), 143.2(8), 149.1(1), 237.1(1), and 248(1)
Paragraph 40(2)(i)
Regulations 3100, 3101
Income Tax Folio S1-F5-C1, *Related persons and dealing at arm's length*
The section called "Appraisals for donations of gifts in kind" on page 2 of Form T5001-instr, *Instructions for applying for a tax shelter identification number*, appended to Form T5001, *Application for Tax Shelter Identification Number and Undertaking to Keep Books and Records*.

Appraisals for donations of gifts in kind

We require that the promoter provide us with appraisals of gifts in kind.

Reference

The section called "Appraisals for donations of gifts in kind" on page 2 of Form T5001-instr, *Instructions for applying for a tax shelter identification number*, appended to Form T5001, *Application for Tax Shelter Identification Number and Undertaking to Keep Books and Records*.

Types of partners

End member

The end member is the **last** individual (including a trust) or corporation that receives the final allocation from a partnership **after** the income has been allocated through all the various levels of the tiered partnership.

Reference

Subsections 102(2), 127(31), 163(2.8), and 247(6)

General partner

A general partner is a partner whose personal liability for the debts and obligations of the partnership is not limited.

Limited partner (at any time during the fiscal period)

A limited partner is one whose liability as a partner is limited under partnership law.

However, we consider other partners to be limited partners for the following:

- at-risk rules relating to losses, investment tax credits, and resource expenses;
- deemed gain rules relating to a negative ACB; and
- cost of tax shelter investments.

Such partners that may be considered to be limited partners could include a partner whose liability as a member of the partnership is limited by contract and general partners who are shell corporations.

A limited partner does **not** include a member of a **limited liability partnership** (LLP) under the circumstances described in paragraph 96(2.4)(a). A limited liability partnership is a type of partnership permitted under some provincial and territorial laws.

The exception is **not** for all types of LLPs. The exception applies to LLPs that limit the member's liability **only** for debts, obligations and liabilities of the partnership, or any member of the partnership, arising from negligent acts or omissions or misconduct or fault of another member of the partnership or an employee, agent or representative of the partnership in the course of the partnership business while the partnership is an LLP. Such LLPs are often referred to as "partial shield" LLPs.

However, another type of LLP exists, commonly referred to as "full shield" LLPs, under which LLP partners are protected from partnership liabilities (for example, from partnership account payables). A partner of a "full shield" LLP would not meet the exception and would be considered a limited partner.

References

Section 143.2
Subsections 40(3.14) and 96(2.4)

Limited partner's exempt interest

If a partnership interest is an exempt interest, a person who we would otherwise consider to be a limited partner will not be subject to the at-risk rules introduced in 1986.

Generally, a limited partner's exempt interest is a prescribed partnership interest or an interest in a partnership that was actively carrying on business, or earning income from renting or leasing property, on a regular and continuous basis on February 25, 1986, and continuously after that date.

A partnership interest can lose exempt status when, after February 25, 1986, there has been a substantial contribution of capital to the partnership or a substantial borrowing by the partnership.

Reference

Subsection 96(2.5)

Specified member of a partnership

The status as a specified member of a partnership is determined for each partner for a particular fiscal period or tax year of the partnership. Generally, a specified member includes the following:

- any partner who is a limited partner at any time during the partnership's fiscal period or tax year; and
- any partner (including a general partner) who while a partner was **not** regularly, continuously, and substantially during the partnership's operating year:
 - **actively engaged** in the activities of the partnership's business, except for the financing of the partnership; or
 - **carrying on a business** similar to that of the partnership in its tax year.

Reference

Subsection 248(1)

Types of partnerships

General information

Under common law, a partnership is the relationship that exists between two or more persons who join to carry on a **trade or business in common** to make a profit. If there is no business in common, there is no partnership. For instance, co-ownership of a rental property as an investment does not in itself constitute a partnership.

Each person contributes money, property, labour, or a skill, and each person expects to have a share in the profits or the losses of the business enterprise.

Under Quebec civil law, a contract of partnership is a contract by which the parties, in a spirit of cooperation, agree to carry on an **activity, including the operation of an enterprise**, to contribute thereto by combining property, knowledge or activities, and to share any resulting pecuniary profits.

You can have a valid partnership without a formal written partnership agreement. The type and extent of a person's involvement in the business is important in determining whether the person is a partner or not.

If you need more help to decide whether an arrangement is a partnership, you can consult the relevant provincial or territorial laws. We will usually accept a decision based on those laws.

Reference

Income Tax Folio S4-F16-C1, *What is a Partnership?*

Canadian partnership

A Canadian partnership is one in which all the partners, including all end members, are resident in Canada.

Reference

Subsections 102(1) and 248(1)

Canadian resident partnership

A Canadian resident partnership is a partnership that, at any time in respect of which the expression is relevant:

- is a Canadian partnership,
- would, if it were a corporation, be resident in Canada (including, for greater certainty, a partnership that has its central management and control in Canada), or
- was formed under the laws of a province or territory.

Reference

Subsection 248(1)

Limited liability partnership (LLP)

A limited liability partnership (LLP) is a type of partnership permitted under some provincial and territorial laws. An LLP is different from a limited partnership and from an ordinary general partnership. A member of an LLP may be considered a limited partner under the Act depending on the type of LLP.

For more information, see “Limited partner (at any time during the fiscal period)” on page 87.

Reference

Paragraphs 96(2.4)(a) and 40(3.14)(a)

Limited partnership

A limited partnership must be registered as such under the appropriate provincial or territorial registry system. A limited partnership has at least one general partner and one or more limited partners.

Public investment partnership

A public investment partnership is a public partnership of which 90% or more of the fair market value of the property it holds is related to any one or any combination of the following property:

- units of public trusts;
- partnership interests in public partnerships; or
- shares of the capital stock of public corporations.

Reference

Regulation 229.1(1)

Public partnership

A public partnership is a partnership, the interests in which are listed on a designated stock exchange in Canada, and which carries on a business in Canada or is a Canadian partnership.

Reference

Regulation 229.1(1)

Note

According to subsection 229.1(2) of the Regulations, a public partnership or a public investment partnership is required to make information available with respect to distributions and allocations of income, losses, and capital so that the return can be prepared on a timely basis.

Specified Investment Flow-Through (SIFT) partnership

A SIFT partnership, is a partnership other than an **excluded subsidiary entity** (see Note 1 below) that meets the following conditions at any time during the tax year:

- the partnership is a Canadian resident partnership;
- **investments** in the partnership are listed or traded on a stock exchange or other **public market** (see Note 2 below); and
- the partnership holds one or more **non-portfolio properties** (see Note 3 on the next page).

Notes

An **excluded subsidiary entity** means an entity of which none of the equity is at any time in the tax year listed or traded on a stock exchange or other public market, or held by any person or partnership other than certain qualifying holders. Currently, only real estate investment trusts, taxable Canadian corporations, SIFT trusts, SIFT partnerships, and other excluded subsidiary entities are qualifying holders.

An **investment** in the partnership is:

- a property that is a **security** of the partnership; or
- a right which may reasonably be considered to replicate a return on, or the value of, a security of the partnership.

However, an unaffiliated publicly-traded liability of the partnership is excluded from the definition.

A **security** of the partnership includes a partnership interest. It also includes certain rights conferred by the partnership or an entity affiliated with the partnership.

Public market is defined to include any trading system or other organized facility on which securities that are qualified for public distribution are listed or traded. Excluded from the definition, however, is any facility that operates solely for the issuance or redemption (or acquisition or cancellation) of a security by its issuer.

Non-portfolio property is described on this page.

The ITA also provides two other definitions that are important for the purposes of determining the Part IX.1 tax on SIFT partnerships: **taxable non-portfolio earnings** and **non-portfolio earnings**.

The **taxable non-portfolio earnings** of a SIFT partnership means the **lesser** of the following two amounts:

- 1) the amount that would be the SIFT partnership's income for the tax year, as determined under section 3, if it were a taxpayer for the purposes of Part I and if subsection 96(1) did not include paragraph (d); and
- 2) its **non-portfolio earnings** for the tax year.

The **non-portfolio earnings** of a SIFT partnership for a tax year means the total of amount (a) plus amount (b) below:

(a) the amount, if any, by which

- i) the total of all of the SIFT partnership's income for the tax year from any business carried on by it in Canada and the income from any non-portfolio property other than income that is a taxable dividend received by the SIFT partnership

is **greater** than

- ii) the total of all of the SIFT partnership's losses for the tax year from any business carried on by it in Canada and from any non-portfolio property;

and

(b) the amount, if any, by which all taxable capital gains of the SIFT partnership from dispositions of non-portfolio properties during the tax year exceeds all allowable capital losses of the SIFT partnership for the tax year from dispositions of non-portfolio properties during the tax year.

A **non-portfolio property** of a partnership for a tax year means a property that is held by the partnership that is:

- 1) a security of a **subject entity** (other than a **portfolio investment entity**) if at that time the partnership holds:
 - i) securities of the subject entity that have a total fair market value that is **greater than 10%** of the equity value of the subject entity; or
 - ii) securities of the subject entity that, together with all of the securities that the partnership holds of entities affiliated with the subject entity, have a total fair market value that is **greater than 50%** of the equity value of the partnership.
- 2) a Canadian real, immovable or resource property, if at any time in the tax year the total fair market value of all properties held by the partnership that are Canadian real, immovable or resource properties is **greater than 50%** of the equity value of the partnership; or
- 3) a property that the partnership, or a person or partnership with whom the partnership does not deal at arm's length, uses at that time in the course of carrying on a business in Canada.

The term **subject entity** means:

- a) a corporation resident in Canada;
- b) a trust resident in Canada;
- c) a Canadian resident partnership; or

- d) a non-resident person, or a partnership that is not described in (c) above, whose principal source of income is one or any combination of sources in Canada.

A **portfolio investment entity** at any time means an entity that does not at that time hold any **non-portfolio property**.

The **equity value** of an entity at any time means the total fair market value at that time of:

- a) all of the issued and outstanding shares of the capital stock of the corporation if the entity is a corporation;
- b) all of the income or capital interests in the trust if the entity is a trust; or
- c) all of the interests in the partnership if the entity is a partnership.

Reference

Subsections 122.1(1) and 197(1)

Small business investment limited partnership

A limited partnership interest in a "small business investment limited partnership" (as defined in subsection 5102(1) of the Regulations) is a **qualified investment** for registered retirement savings plans (RRSPs), registered education savings plans (RESP's) and registered retirement income funds (RRIFs) unless it is excluded by virtue of subsection 4900(8) or 4900(9) of the Regulations. However, an interest in a general partnership is **not** a qualified investment.

References

Regulations 4900(8) and (9), 4901(2) and 5102

Interpretation Bulletin IT-320, *Qualified investments – Trusts Governed by Registered Retirement Savings Plans, Registered Education Savings Plans and Registered Retirement Income Funds*

Tiered partnership

A tiered partnership has one or more partners that are partnerships, or is itself a partner, in another partnership.

When a partnership (Partnership A) is a member of a particular partnership (Partnership B) that is a member of another partnership (Partnership C), those partnerships are tiered partnerships. Generally, the first partnership (Partnership A) is referred to as a top-tier partnership, the second one (Partnership B) as a second-tier partnership, and the last one (Partnership C) as a third-tier partnership. Where there are many tiered partnerships, the expression "multi-tiered partnerships" is sometimes used.

Reference

Subsections 102(2) and 127(31)

Regulation 5908(9)

Online services

Handling business taxes online

Save time using the CRA's online services for businesses. You can:

- authorize a representative, an employee, or a group of employees, who has registered with Represent a Client, for online access to your business accounts;
- request or delete authorization online through Represent a Client, if you are a representative;
- change addresses;
- file or amend a partnership information return without a web access code;
- register for online mail, get email notifications, and view your mail online;
- calculate a balance that includes interest calculated to a future date;
- authorize the withdrawal of a pre-determined amount from your bank account;
- order remittance vouchers;
- request a refund;
- submit account related enquiries and get the responses online within 10 business days;
- register a formal dispute (notice of objection);
- view the account balance and transaction details;
- view endorsements; and
- do much more.

To register or log in to our online services, go to:

- **My Business Account** at cra.gc.ca/mybusinessaccount, if you are a business owner; or
- **Represent a Client** at cra.gc.ca/representatives, if you are an authorized representative or employee.

For more information, go to cra.gc.ca/businessonline.

Receiving your CRA mail online

You, or your representative (authorized at a level 2), can choose to receive most of your CRA mail for your business online.

When you or your representative registers for online mail, an email notification will be sent to the email address(es) provided when there is new mail available to view in My Business Account. Correspondence available through online mail will no longer be printed and mailed. To register, select the "Manage online mail" service and follow the steps.

Using our online mail service is faster and easier than managing paper correspondence.

Authorizing the withdrawal of a pre-determined amount from your bank account

Pre-authorized debit (PAD) is an online, self-service, payment option. Through this option, you agree to authorize the CRA to withdraw a pre-determined amount from your bank account to pay tax on a specific date or dates. You can set up a PAD agreement using the CRA's secure My Business Account service at cra.gc.ca/mybusinessaccount. PADs are flexible and managed by you. You can view historical records, modify, cancel, or skip a payment. For more information, go to cra.gc.ca/payments and select "Pre-authorized debit."

For more information

What if you need help?

If you need more information after reading this guide, go to cra.gc.ca/partnership or call 1-800-959-5525.

Direct deposit

Direct deposit is a fast, convenient, reliable, and secure way to get your CRA payments directly into your account at a financial institution in Canada. To enrol for direct deposit or to update your banking information, go to cra.gc.ca/directdeposit.

Forms and publications

To get our forms and publications, go to cra.gc.ca/forms or call 1-800-959-5525.

Electronic mailing lists

We can notify you by email when new information on a subject of interest to you is available on our website. To subscribe to our electronic mailing lists, go to cra.gc.ca/lists.

Teletypewriter (TTY) users

If you have a hearing or speech impairment and use a TTY call 1-800-665-0354 during regular business hours.

Tax Information Phone Service (TIPS)

For personal and general tax information by telephone, use our automated service, TIPS, by calling 1-800-267-6999.

Service complaints

You can expect to be treated fairly under clear and established rules, and get a high level of service each time you deal with the Canada Revenue Agency (CRA); see the *Taxpayer Bill of Rights*.

If you are not satisfied with the service you received, try to resolve the matter with the CRA employee you have been dealing with or call the telephone number provided in the CRA's correspondence. If you do not have contact information, go to cra.gc.ca/contact.

If you still disagree with the way your concerns were addressed, you can ask to discuss the matter with the employee's supervisor.

If you are still not satisfied, you can file a service complaint by filling out Form RC193, *Service-Related Complaint*. For more information, go to cra.gc.ca/complaints.

If the CRA has not resolved your service-related complaint, you can submit a complaint with the Office of the Taxpayers' Ombudsman.

Reprisal complaint

If you believe that you have experienced reprisal, fill out Form RC459, *Reprisal Complaint*.

For more information about reprisal complaints, go to cra.gc.ca/reprisalcomplaints.

Tax information videos

We have a tax information video series for new small businesses that provides an introduction to topics such as registering a business, GST/HST, and payroll. To watch our videos, go to cra.gc.ca/videogallery.

Due dates

When the due date falls on a Saturday, a Sunday, or a public holiday recognized by the CRA, we consider your payment to be on time if we receive it on the next business day. Your return is considered on time if we receive it or if it is postmarked on or before the next business day.

For more information, go to cra.gc.ca/importantdates.

Cancellation of penalties or interest

The CRA administers legislation, commonly called the taxpayer relief provisions, that gives the CRA discretion to cancel or waive penalties or interest when taxpayers are unable to meet their tax obligations due to circumstances beyond their control.

The CRA's discretion to grant relief is limited to any period that ended within 10 calendar years before the year in which a request is made.

For penalties, the CRA will consider your request only if it relates to a fiscal period ending in any of the 10 calendar years before the year in which you make your request. For example, your request made in 2017 must relate to a penalty for a fiscal period ending in 2007 or later.

For interest on a balance owing for any fiscal period, the CRA will consider only the amounts that accrued during the 10 calendar years before the year in which you make your request. For example, your request made in 2017 must relate to interest that accrued in 2007 or later.

To make a request, fill out Form RC4288, *Request for Taxpayer Relief – Cancel or Waive Penalties or Interest*. For more information about relief from penalties or interest and how to submit your request, go to cra.gc.ca/taxpayerrelief.