Agence du revenu

ELECTION FOR A CAPITAL DIVIDEND UNDER SUBSECTION 83(2)

- Private corporations can use this form to elect to have the provisions of subsection 83(2) apply to a dividend.
 For more information, see Interpretation Bulletins IT-66, Capital Dividends, and IT-149, Winding-up Dividend.
- An election under subsection 83(2) cannot exceed the balance of the capital dividend account. If the election amount
 exceeds the account balance, the corporation may be required to pay Part III tax on the excessive dividends. See
 page 2 for further information.
- File one completed copy of this election with your tax services office:
 - a) on or before the earlier of:
 - (i) the day the dividend becomes payable; and
 - (ii) the first day on which any part of the dividend was paid;
 - b) separate from any tax returns. You can put the election in the same envelope with a return, but do not insert it in or attach it to the return.
- A capital dividend paid to a non-resident is subject to Part XIII withholding tax reported on an NR4, Statement of Amounts Paid or Credited to Non-residents
 of Canada.
- Where subsection 83(2.1) applies to treat a capital dividend as a taxable dividend received by a shareholder, that dividend will be considered to be a capital dividend in determining any liability of the corporation for Part III tax and in calculating the corporation's capital dividend account.
- If you are also filing an election under subsection 14(1.01) or 14(1.02), file it with this election or with your T2 Corporation Income Tax Return on or before your filing due date for the tax year.
- A disposition (includes sale) of eligible capital property (ECP) may result in an addition to your capital dividend account (CDA). If there is an addition to the CDA, it will occur on the earliest day as follows:
 - a) If you are eligible and have made an election under subsection 14(1.01) or 14(1.02), the addition will occur on the date you made the 14(1.01) or 14(1.02) election.
 - b) In all other cases, the addition will occur on the last date of your tax year.
- There is an addition to the CDA (refer to the 7th bullet) on the disposition (includes sale) of ECP. If the addition creates or increases a positive amount in the CDA, the earliest date that portion can be paid out as a capital dividend is:
 - a) The date that you made the 14(1.01) or 14(1.02) election for an election referred to in (a), in the 7th bullet, or
 - b) The first day of the following tax year for situations referred to in (b), in the 7th bullet.

Important notes about filing an election under subsection 14(1.01) or 14(1.02)

- An election under subsection 14(1.01) or 14(1.02) cannot be late-filed, amended, or revoked, and you have to meet all of the following criteria:
 - a) The actual proceeds of the disposition are more than the original cost of the eligible capital property.
- b) The eligible capital expenditure can be determined (goodwill is excluded).
- Parts and subsections mentioned on this form refer to the Income Tax Act.

Name of corporation (print)	E	Business Number										
								R	C			
Address				<u> </u>	Tax s	ervice	s office					
Name of person to contact for more information (print)					Telep	hone	numbei	Г				
Mailing address (complete only if different from address above)												
mailing address (complete only if different from address above)												
Required information												
The full amount of the dividend for which this election is made*											Α	
Capital dividend account immediately before this dividend becomes payable**											В	
Excess amount, if any, subject to Part III tax (amount A minus amount B)											_	
(enter this amount on line G on page 2)							_			_	С	
Date the dividend becomes payable												
First day on which any part of the dividend was paid (enter only if earlier than the payable date	above	e) .										
Date of immediately previous election (if none, enter N/A)												
	Voo	Г	\neg	No		Г	D	o not	use th	nis ar	ea	
Is the corporation making an election under subsection 14(1.01) or 14 (1.02)?	165	L		INO			_					
If yes , refer to the 6th, 7th, 8th or 9th bullets above for more information.												
Total remittance accompanying this election (see page 2)	• • -											
* Attach a certified copy of the resolution or authorization as required by section 2101 of the Inc.	ome	Та	x Re	gulati	ons.							
**Attach a separate sheet of paper showing a detailed calculation of the capital dividend accou												
You do not have to file documentation to support the calculation of the capital dividend accou you have to keep it in case we ask to see it at a later date.	nt wit	n th	nis el	ectior	ı, but							
Required information continued on Page 2.												

Do not use this area

— Required information (continued) —									
Does the capital dividend account include any capital dividend received from another corporation	n since your last	alaction							
or, if an election has never been filed, since the beginning of the calculation of your capital dividend	end account?			Yes		No			
If yes , provide the following information for the other corporation.									
Name of corporation (print)	Business Num	ber							
					R C				
Date dividend became payable by the other corporation (provide the same information separately for each dividend received)		•		Ye	ear	Month	Day		
(provide the same information separately for each dividend received)									
— Late-filing penalty ————————————————————————————————————									
According to subsection 83(4), a late-filing penalty will apply to an election filed after its due da	Э.								
Calculation of late-filing penalty:									
Amount of the dividend × 1% × amount N*	12 =)		
\$500 × amount N* ÷ 12 =									
* N represents the number of months or parts of a month in the period from the required filing date to the actual									
filing date.									
Late-filing penalty (amount D or E, whichever is less)						F	F		
— Part III tax —									
Excess amount of dividend declared subject to Part III tax						(3		
Part III tax* = 60% × amount G =						H	4		
Note: The corporation may be able to avoid paying Part III tax by filing an election under subse	etion 184(3).								
* It is proposed in draft legislation to amend Part III tax rate from 75% to 60% of the excess an	ount of dividend	for 2000	and su	hseau	ent tay	vears			
			ana ca			· youro.			
— Total payment accompanying this election ————————————————————————————————————									
Late-filing penalty (amount F)									
Part III tax (amount H)									
Total payment accompanying this election (amount F plus amount H)									
(enter this amount in the space provided on page 1)									
Make your cheque or money order payable to the Receiver General. To ensure proper credit, valong with the business name, the business number and the corporation's tax year-end.	rite "T2054" on th	e back c	of the ch	neque	or moi	ney order,			
Note: Daily compound interest, at prescribed rates, applies to unpaid amounts, including late-fi	ng penalties.								
— Election and certification —									
The corporation hereby elects to have the provisions of subsection 83(2) apply for the full amount certify that the information given in this election, and in all documents attached, is true, correct				n.					
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Date Signature of authorized officer				Pos	sition or	office			