

PATRONAGE DIVIDEND DEDUCTION (2006 and later tax years)

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

- Use this form to claim a deduction from income for payments made to customers for allocations in proportion to patronage (patronage dividends) made within the year or within the following 12 months.
- Only co-operatives and credit unions are entitled to a deduction for patronage dividends paid to non-arm's length persons, except for prescribed payments.
- Do not include payments made to member customers in an agency relationship under contractual obligations.
- Generally, tax-deferred co-operative shares are particular types of shares that are issued after 2005 and before 2016 by an agricultural co-operative corporation to a person or partnership that is an eligible member of the agricultural co-operative corporation at the time of the issuance, under an allocation in proportion to patronage.
- File a completed schedule with the *T2 Corporation Income Tax Return* within six months of the end of the tax year.
- File an amended Schedule 16 for payments that are deductible in the tax year, but made to customers after filing this schedule.
- For more information, see Interpretation Bulletin IT-362, *Patronage Dividends*.
- This schedule may contain changes that had not yet become law at the time of publishing.

Part 1 – Details of patronage dividends paid and other information

	Member customers	Non-member customers
Payments to customers of the year	101	104
Payments to customers of a previous year	102	105
Totals	A	B

Were any of the above patronage dividends paid by an agricultural co-operative corporation in the form of tax-deferred co-operative shares? 150 1 Yes ☐ 2 No ☐

Total patronage dividends paid to all customers (total of amounts A and B) **109** _____

Total business transacted: a) with member customers	110	_____	_____ % C
b) with non-member customers	111	_____	_____ % D
Total business transacted		_____	100 %

Net income before patronage dividend deduction	112	_____
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Percentage C _____ % x Amount from line 112 _____ = _____ E

Note: Keep all documents showing how the payment was made, the date(s) of payment, the date(s) of allocation, and the year(s) of the customer's patronage.

Were the patronage dividends calculated at the same rate to all customers (members and non-members), except to allow for different types, classes, grades or qualities of products, or services? **200** 1 Yes ☐ 2 No ☐

Part 2 – Calculation for agricultural co-operative corporations

Complete this part if you answered **yes** to the question at line 150 above. If you answered **no**, leave it blank and go to Part 3.

Patronage dividends paid in the form of tax-deferred co-operative shares	209	F
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Amount E _____ x 85% = G

Enter amount F or G, whichever is less _____ H

Add: Patronage dividends paid in the form of property other than tax-deferred co-operative shares
(amount from line 109 **minus** amount from line 209)

Amount used in the calculation of the patronage dividend deduction of an agricultural co-operative corporation
(total of amounts H and I) J

Part 3 – Calculation of patronage dividend deduction

1. Deduction for current-year payments:

If you completed Part 2, enter amount J at line K. Otherwise, enter the amount from line 109 at line K.

Total patronage dividends paid to all customers **K**

If you answered **yes** to the question at line 200 in Part 1, enter amount K at line 113. Otherwise, calculate your patronage dividend deduction for current-year payments as follows:

Income attributable to member customers business (amount E from Part 1) **L**

Add: Patronage dividends credited to non-member customers of the year
(amount from line 104) **M**

Total of amounts L and M **N**

Enter amount K or amount N, whichever is less (enter this amount at line 113) **O**

Patronage dividend deduction for current-year payments **113**

2. Deduction for amounts carried forward:

Balance of undeducted amounts carried forward from a previous year **114**

Add: Undeducted amounts transferred on amalgamation or wind-up of a subsidiary **130**

Total of lines 114 and 130 **P**

Income attributable to member customers business (amount E from Part 1)

Less: Amount from line 113 **minus** amount from line 104
..... **▶** **Q**

Portion of amount carried forward that is deductible in the current year
(amount P or amount Q, whichever is less) **115**

3. Patronage dividend deduction (total of amounts on lines 113 and 115) **116**

Enter amount from line 116 on line 416 of Schedule 1.

Part 4 – Patronage dividends carried forward

Amount from line P **R**

Deduct: Portion of carryforward deducted in the current tax year (amount from line 115)

Net amount **S**

Add: Portion of current-year payments eligible for carryforward (amount K **minus** amount from line 113) **T**

Balance of patronage dividends available for carryforward (amount S **plus** amount T) **117**

Part 5 – Calculation of income from an active business carried on in Canada (ABI)

Active business income (ABI) before patronage dividend deduction	118	
<p>If the amount at line 118 is equal to the amount at line 112, enter the patronage dividend deduction from line 116</p>		
		U
<p>If the amount at line 118 is different from the amount at line 112, complete the following:</p>		
Total patronage dividends (paid to all customers) attributable to the ABI	119	
<p>ABI attributable to member customers business:</p>		
Percentage C from Part 1	%	x
amount at line 118	=	V
<p>Add: Patronage dividends credited to non-member customers of the year and attributable to income earned from an active business</p>		
	120	
	Total	W
Patronage dividend deduction for current-year payments (whichever is less: amount at line 119 or amount W)	121	
<p>Deduction for amounts carried forward:</p>		
ABI attributable to member customer business (amount V)		
Less: Amount at line 121 minus amount at line 120		
		X
Portion of amount carried forward that relates to the active business carried on in Canada	122	
Amount carried forward that is deductible in the current year (whichever is less: amount X or amount at line 122)	123	
Total of amounts at lines 121 and 123		Y
Patronage dividend deduction (amount U or amount Y, whichever applies)		Z
Income from active business carried on in Canada (amount at line 118 minus amount Z)	124	
<p>Enter amount from line 124 at line 400 of the T2 return.</p>		