

# The T2 Short Return

## Who can use the *T2 Short Return*?

The *T2 Short Return* is a simpler version of the *T2 Corporation Income Tax Return*. There are two categories of corporations that are eligible to use this return:

- You can use this return if the corporation is a Canadian-controlled private corporation throughout the tax year and has either a loss or a nil net income for income tax purposes this year.
- You can also use this return if the corporation is exempt from tax under section 149 of the *Income Tax Act* (such as a non-profit organization).

In addition, the corporation must meet **all** of the following conditions to use this return:

- it has a permanent establishment in only one province or territory;
- it is not claiming any refundable tax credits (other than a refund of instalments paid);
- it did not receive or pay out any taxable dividends;
- it is reporting in Canadian currency;
- it does not have an Ontario transitional tax debit; and
- it does not have an amount calculated under section 34.2 of the federal Act.

File a regular *T2 Corporation Income Tax Return* if the corporation does not fit into either of the above categories or does not meet all of the above conditions.

Except for Quebec and Alberta, the *T2 Short Return* also serves as a provincial or territorial income tax return.

## What should you attach to the *T2 Short Return*?

There are three schedules you have to attach to this return\*:

- Schedule 100, *Balance Sheet Information*, showing the financial position of the corporation at the end of the tax year;
- Schedule 125, *Income Statement Information*, showing the corporation's income and expenses for the year (if the corporation did not earn any income or incur any expenses, simply state "no income" or "no expenses"); and
- Schedule 141, *Notes Checklist*, for any notes to the financial statement information and to indicate the involvement of an accountant.

\* If your corporation is inactive (you answered **yes** on line 280) and there is no balance sheet or income statement information to report, you do not have to attach these schedules. However, they will be accepted if filed.

**Depending on the circumstances, you may have to attach other forms or schedules. For more information, see page 2 of the *T2 Short Return* and the *T2 Guide*.** For your convenience, this package includes the short version of Schedule 1, a Schedule 8, and a Schedule 50.

### Note

If you need a copy of Guide T4012, *T2 Corporation – Income Tax Guide*, or other schedules, go to **[www.cra.gc.ca/forms](http://www.cra.gc.ca/forms)** or call **1-800-959-5525**. If you need any additional information that would help you complete this return, call our Business Enquiries line at **1-800-959-5525**.



Net Income (Loss) for Income Tax Purposes

Protected B

when completed

Corporation's name	Business number	Year	Tax year-end Month	Day
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- This schedule lets you reconcile the corporation's net income (loss) as reported on the financial statements and its net income (loss) for tax purposes.
- For more information, see Guide T4012, *T2 Corporation – Income Tax Guide*.

Net income (loss) after taxes and extraordinary items per financial statements . . . . . A

Additions:

Provision for income taxes – current . . . . .	101	
Provision for income taxes – deferred . . . . .	102	
Amortization of tangible assets . . . . .	104	
Amortization of intangible assets . . . . .	106	
Recapture of capital cost allowance from Schedule 8 . . . . .	107	
Gain on sale of eligible capital property from Schedule 10 . . . . .	108	
Loss on disposal of assets . . . . .	111	
Charitable donations from Schedule 2 . . . . .	112	
Taxable capital gains from Schedule 6 . . . . .	113	
Depreciation in inventory – end of year . . . . .	117	
Non-deductible meals and entertainment expenses . . . . .	121	
Tax reserves deducted in prior year from Schedule 13 . . . . .	125	
Income or loss for tax purposes – partnerships . . . . .	129	
Income or loss for tax purposes – joint ventures . . . . .	132	

Other additions:

600		290	
601		291	
602		292	
603		293	
604		294	

Total of lines 101 to 294 500 ▶ B

Subtotal (amount A plus amount B) C

Deductions:

Bad debt . . . . .	304	
Book income of joint venture or partnership . . . . .	305	
Equity in income from subsidiaries or affiliates . . . . .	306	
Gain on disposal of assets per financial statements . . . . .	401	
Capital cost allowance from Schedule 8 . . . . .	403	
Terminal loss from Schedule 8 . . . . .	404	
Cumulative eligible capital deduction from Schedule 10 . . . . .	405	
Allowable business investment loss from Schedule 6 . . . . .	406	
Holdbacks . . . . .	408	
Tax reserves claimed in current year from Schedule 13 . . . . .	413	
Contributions to deferred income plans from Schedule 15 . . . . .	417	

Other deductions:

700		390	
701		391	
702		392	
703		393	
704		394	

Total of lines 304 to 394 510 ▶ D

Net income (or loss) for income tax purposes – amount C minus amount D . . . . . E

Enter amount E on line 300 on page 1 of the *T2 Short return*. If the amount on line E is a positive amount, and the corporation is not exempt from tax under section 149, file a regular *T2 Corporation – Income Tax Return*.



## CAPITAL COST ALLOWANCE (CCA) (2006 and later tax years)

Name of corporation	Business Number	Year	Tax year-end Month	Day
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For more information, see the section called "Capital Cost Allowance" in the *T2 Corporation Income Tax Guide*.

Is the corporation electing under Regulation 1101(5q)? **101** 1 Yes ☐ 2 No ☐

1 Class number	2 Undepreciated capital cost at the beginning of the year (undepreciated capital cost at the end of the year from column 13 of last year's CCA schedule)	3 Cost of acquisitions during the year (new property must be available for use)  (see note 1 below)	4 Net adjustments (show negative amounts in brackets)  (see note 2 below)	5 Proceeds of dispositions during the year (amount not to exceed the capital cost)	6 Undepreciated capital cost (column 2 <b>plus</b> or <b>minus</b> column 4 <b>minus</b> column 5)	7 50% rule (1/2 of the amount, if any, by which the net cost of acquisitions exceeds column 5)  (see note 3 below)	8 Reduced undepreciated capital cost (column 6 <b>minus</b> column 7)	9 CCA rate %  (see note 4 below)	10 Recapture of capital cost allowance	11 Terminal loss	12 Capital cost allowance (for declining balance method, column 8 <b>multiplied</b> by column 9, or a lower amount) (see note 5 below)	13 Undepreciated capital cost at the end of the year (column 6 <b>minus</b> column 12)
<b>200</b>	<b>201</b>	<b>203</b>	<b>205</b>	<b>207</b>		<b>211</b>		<b>212</b>	<b>213</b>	<b>215</b>	<b>217</b>	<b>220</b>
1.												
2.												
3.												
4.												
5.												
6.												
7.												
8.												
9.												
10.												

Note 1. Include any property acquired in previous years that has now become available for use. This property would have been previously excluded from column 3. List separately any acquisitions that are not subject to the 50% rule, see Regulation 1100(2) and (2.2).

Note 2. Include amounts transferred under section 85, or on amalgamation and winding-up of a subsidiary. See the *T2 Corporation Income Tax Guide* for other examples of adjustments to include in column 4.

Note 3. The net cost of acquisitions is the cost of acquisitions (column 3) **plus** or **minus** certain adjustments from column 4. For exceptions to the 50% rule, see Interpretation Bulletin IT-285, *Capital Cost Allowance – General Comments*.

Note 4. Enter a rate only if you are using the declining balance method. For any other method (for example the straight-line method, where calculations are always based on the cost of acquisitions), enter N/A. Then enter the amount you are claiming in column 12.

Note 5. If the tax year is shorter than 365 days, prorate the CCA claim. Some classes of property do not have to be prorated. See the *T2 Corporation Income Tax Guide* for more information.

**Totals**

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Enter the total of column 10 on line 107 of Schedule 1.  
Enter the total of column 11 on line 404 of Schedule 1.  
Enter the total of column 12 on line 403 of Schedule 1.



# SHAREHOLDER INFORMATION (2006 and later tax years)

Name of corporation	Business Number	Year	Tax year-end Month	Day
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All private corporations must complete this schedule for any shareholder who holds 10% or more of the corporation's common and/or preferred shares.

Provide only one number per shareholder					
Name of shareholder (after name, indicate in brackets if the shareholder is a corporation, partnership, individual, or trust)	Business Number (If a corporation is not registered, enter "NR")	Social insurance number	Trust number	Percentage common shares	Percentage preferred shares
100	200	300	350	400	500
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					



## Attachments

Financial statement information – Use GIFI schedules 100, 125, and 141.

Schedules – Depending on the circumstances, you may need to attach some schedules to this return. Answer the following questions. For each **yes** response, attach the schedule that applies to the *T2 Short Return*.

	Yes	Schedule
Is the net income/loss shown on the financial statements different from the net income or net loss for income tax purposes? . . . . .	<b>201</b> <input type="checkbox"/>	1
(i) Is the corporation including a schedule to show the continuity of losses? or	<b>204</b> <input type="checkbox"/>	4
(ii) Do you want to carry back the current year's loss to a previous tax year? . . . . .		
Has the corporation realized any capital gains or incurred any capital losses during the tax year? . . . . .	<b>206</b> <input type="checkbox"/>	6
Does the corporation have any property that is eligible for capital cost allowance? . . . . .	<b>208</b> <input type="checkbox"/>	8
Is the corporation related to any other corporations? . . . . .	<b>150</b> <input type="checkbox"/>	9
Does the corporation have any property that is eligible capital property? . . . . .	<b>210</b> <input type="checkbox"/>	10
Has the corporation had any transactions, including section 85 transfers, with its shareholders, officers, or employees, other than transactions in the ordinary course of business? Exclude non-arm's-length transactions with non-residents . . . . .	<b>162</b> <input type="checkbox"/>	11
Is the corporation claiming deductible reserves? . . . . .	<b>213</b> <input type="checkbox"/>	13
Has the corporation paid any royalties, management fees, or other similar payments to residents of Canada? . . . . .	<b>164</b> <input type="checkbox"/>	14
Is the corporation claiming a deduction for payments to a type of employee benefit plan? . . . . .	<b>165</b> <input type="checkbox"/>	15
Is the corporation an associated Canadian-controlled private corporation? . . . . .	<b>160</b> <input type="checkbox"/>	23
Does the corporation (private corporations only) have any shareholders who own 10% or more of the corporation's common and/or preferred shares? . . . . .	<b>173</b> <input type="checkbox"/>	50

## Additional information

Is the corporation inactive? . . . . . **280** 1 Yes ☐ 2 No ☐

Specify the principal product(s) mined, manufactured, sold, constructed, or services provided, giving the approximate percentage of the total revenue that each product or service represents.

<b>284</b> _____	<b>285</b> _____ %
<b>286</b> _____	<b>287</b> _____ %
<b>288</b> _____	<b>289</b> _____ %

If the corporation's major business activity is construction, did you have any subcontractors during the tax year? . . . . . **295** 1 Yes ☐ 2 No ☐

If this return was prepared by a tax preparer for a fee, provide their EFIL number . . . . . **920** \_\_\_\_\_

## Certification

I, **950** \_\_\_\_\_ **951** \_\_\_\_\_ **954** \_\_\_\_\_ ,  
 Last name (print) First name (print) Position, office, or rank

am an authorized signing officer of the corporation. I certify that I have examined this return, including accompanying schedules and statements, and that the information given on this return is, to the best of my knowledge, correct and complete. I also certify that the method of calculating income for this tax year is consistent with that of the previous tax year except as specifically disclosed in a statement attached to this return.

**955** \_\_\_\_\_ **956** \_\_\_\_\_  
 Date (yyyy/mm/dd) Signature of an authorized signing officer of the corporation Telephone number

Is the contact person the same as the authorized signing officer? If **no**, complete the information below . . . . . **957** 1 Yes ☐ 2 No ☐

**958** \_\_\_\_\_ **959** \_\_\_\_\_  
 Name (print) Telephone number

## Language of correspondence – Langue de correspondance

Indicate the language of correspondence by entering **1** for English or **2** for French.  
 Indiquez la langue de correspondance en inscrivant **1** pour anglais ou **2** pour français.

**990** ☐