



Credit Union Deductions (2019 and later tax years)

Corporation's name	Business number	Tax year-end Year Month Day
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- If you are a credit union, use this schedule to calculate:
 - the deduction from income for bonus interest payments and payments for allocations in proportion to borrowing under subsection 137(2)
 - the preferred-rate amount under subsection 137(4.3) for provincial purposes in British Columbia, Ontario, or Saskatchewan
 - the preferred-rate amount for Manitoba under subsection 7(4.2) of the Manitoba Income Tax Act
- Unless otherwise specified all legislative references are to the Income Tax Act
- The expressions **allocation in proportion to borrowing**, **bonus interest payment**, and **maximum cumulative reserve** are defined in subsection 137(6)
- Bonus interest payments and payments for allocations in proportion to borrowing are deductible if paid to the credit union's members within the tax year, or within the following 12 months, and these payments were not deductible under subsection 137(2) in calculating the income of the credit union for the previous tax year
- For more information, see Guide T4012, T2 Corporation – Income Tax Guide
- If you need more space, attach additional schedules

Part 1 – Deduction for the tax year

Interest payable by all members of class	Amount of money borrowed by all members of class	Allocation in proportion to borrowing
100	200	300

Total allocations in proportion to borrowing **305**

Interest payable to all members of class	Amount of money on deposit by all members of class	Bonus interest payments
110	210	310

Total bonus interest payments **315**

Total (line 305 plus line 315) 1A

Enter amount 1A on line 315 of Schedule 1, Net Income (Loss) for Income Tax Purposes

Part 2 – Saskatchewan

Complete this portion if you have a permanent establishment in Saskatchewan

Taxable income for the tax year (from line 360 of the T2 Corporation Income Tax Return)	500	
4/3 × maximum cumulative reserve at the end of the tax year	600	
Preferred-rate amount at the end of the previous tax year (amount 2D)		2A
Total (line 600 minus amount 2A, if negative, enter "0")	▶	2B
Line 500 or amount 2B, whichever is less		2C
Preferred-rate amount at the end of the previous tax year ¹	700	
Preferred-rate amount transferred on amalgamation/wind-up	750	
Subtotal (line 700 plus line 750)	▶	2D
Small business deduction for the tax year (line 430 of the T2 return)		2E
Amount 2E _____ × $\frac{\text{Number of days in the tax year before 2019}}{\text{Number of days in the tax year}}$ _____ ÷ 18% = _____		2F
Amount 2E _____ × $\frac{\text{Number of days in the tax year after 2018}}{\text{Number of days in the tax year}}$ _____ ÷ 19% = _____		2G
Subtotal (amount 2F plus amount 2G)	▶	2H
Preferred-rate amount at the end of the tax year (amount 2D plus amount 2H)	800	

¹ Your preferred-rate amount at the end of the previous tax year is the amount from line 800 of Schedule 17 from the previous tax year or nil if this is your first year after incorporation.

Part 3 – Ontario and British Columbia

Complete this portion if you have a permanent establishment in Ontario or British Columbia

Taxable income for the tax year (from line 360 of the T2 Corporation Income Tax Return)	501	
4/3 × maximum cumulative reserve at the end of the tax year	601	
Preferred-rate amount at the end of the previous tax year (amount 3G)		3A
Total (line 601 minus amount 3A, if negative, enter "0")	▶	3B
Line 501 or amount 3B, whichever is less		3C
Amount on line 400, 405, 410 and 427 or 428 of the T2 return, whichever is the least ²	626	
Total (amount 3C minus line 626, if negative, enter "0")		3D
Amount 3D _____ × $\frac{\text{Number of days in the tax year before 2019}}{\text{Number of days in the tax year}}$ × 18% = _____		3E
Amount 3D _____ × $\frac{\text{Number of days in the tax year after 2018}}{\text{Number of days in the tax year}}$ × 19% = _____		3F
Total (amount 3E plus amount 3F)	651	
Preferred-rate amount at the end of the previous tax year ³	701	
Preferred-rate amount transferred on amalgamation/wind-up	751	
Subtotal (line 701 plus line 751)	▶	3G
Small business deduction for the tax year (line 430 of the T2 return)		3H
Line 651		3I
Total (amount 3H plus amount 3I)		3J
Amount 3J _____ × $\frac{\text{Number of days in the tax year before 2019}}{\text{Number of days in the tax year}}$ ÷ 18% = _____		3K
Amount 3J _____ × $\frac{\text{Number of days in the tax year after 2018}}{\text{Number of days in the tax year}}$ ÷ 19% = _____		3L
Subtotal (amount 3K plus amount 3L)	▶	3M
Preferred-rate amount at the end of the tax year (amount 3G plus amount 3M)	801	

² Use line 427 for tax years starting before 2019. Use line 428 for tax years starting after 2018. Establishments in Ontario should use amount H from Schedule 500.

³ Your preferred-rate amount at the end of the previous tax year is the amount from line 801 of Schedule 17 from the previous tax year or nil if this is your first year after incorporation.

Part 4 – Manitoba**Complete this portion if you have a permanent establishment in Manitoba**

Taxable income for Manitoba for the tax year (amount 1A from Schedule 383)	502	=====
4/3 × maximum cumulative reserve at the end of the tax year	602	=====
Preferred-rate amount at the end of the previous tax year	4A	=====
Total (line 602 minus amount 4A, if negative, enter "0")	▶	===== 4B
Line 502 or amount 4B, whichever is less		===== 4C

Period before 2019

Amount 1E from Schedule 383		===== 4D
Subtotal (amount 4C minus amount 4D, if negative, enter "0")		===== 4E
Amount 4E × $\frac{\text{Number of days in the tax year before 2019}}{\text{Number of days in the tax year}}$ =	▶	===== 4F

Period after 2018

Amount 4C		===== 4G
Amount 1K from Schedule 383		===== 4H
Total (amount 4G minus amount 4H, if negative, enter "0")		===== 4I
Amount 4I × $\frac{\text{Number of days in the tax year in 2019}}{\text{Number of days in the tax year}}$ × 80% =		===== 4J
Amount 4I × $\frac{\text{Number of days in the tax year in 2020}}{\text{Number of days in the tax year}}$ × 60% =		===== 4K
Amount 4I × $\frac{\text{Number of days in the tax year in 2021}}{\text{Number of days in the tax year}}$ × 40% =		===== 4L
Amount 4I × $\frac{\text{Number of days in the tax year in 2022}}{\text{Number of days in the tax year}}$ × 20% =		===== 4M
Subtotal (total of amounts 4J to 4M)	▶	===== 4N
Total (Amount 4F plus amount 4N)		===== 4O
Amount 4O × 12%	=	652 =====
Amount 4H × $\frac{\text{Number of days in the tax year in 2019}}{\text{Number of days in the tax year}}$ =		===== 4P

Preferred-rate amount at the end of the previous tax year	702	=====
Preferred-rate amount transferred on amalgamation/wind-up	752	=====

Subtotal (line 702 **plus** line 752)

4Q

Amount 4E	4R	=====
Amount 4P	4S	=====
Amount 4O	4T	=====

Preferred-rate amount at the end of the tax year (total of amounts 4Q, 4R, 4S and 4T)

▶

802