



Resource-Related Deductions
(2013 and later tax years)

Protected B when completed

Corporation's name	Business number	Tax year-end Year Month Day
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- Use this schedule if you are a corporation claiming resource-related deductions.
- Complete the appropriate parts of this schedule and report any amounts you calculate on the corresponding lines of Schedule 1, *Net Income (Loss) for Income Tax Purposes*:
 - line 340: Canadian development expenses from Part 5 of this schedule;
 - line 341: Canadian exploration expenses from Part 4 of this schedule;
 - line 342: Canadian oil and gas property expenses from Part 6 of this schedule;
 - line 344: depletion from Part 3 of this schedule; or
 - line 345: foreign exploration and development expenses from Part 7 of this schedule (line 345 includes specified foreign exploration and development expenses from Part 8 of this schedule and foreign resource expenses from Part 9 of this schedule).
- All legislative references are to the federal *Income Tax Act* and *Income Tax Regulations*.
- 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 the rules for claiming an earned depletion allowance in regulations 1201 and 1202(2) and a mining exploration depletion allowance in Regulation 1203(1).
- Expenses incurred by the corporation are referred to as "Regular expenses" and expenses incurred by the predecessor corporation that a successor corporation is entitled to claim are referred to as "Successor expenses".
- Include a completed copy of this schedule with your *T2 Corporation Income Tax Return*. If you need more space, attach additional schedules.

Part 1 – Continuity of earned depletion base

	Regular expenses	Successor expenses
Balance at end of previous tax year	101	126
Add: amount transferred on amalgamation or windup of subsidiary (Note 1)	105	130
Add: amount transferred other than on amalgamation or windup of subsidiary		132
Deduct: amount transferred on sale of resource property to successor	110	135
Amount available (Note 2)	A	B
Deduct: claim for the year under Regulation 1202(2)		140
Deduct: claim for the year under Regulation 1201	115	
Closing balance	120	145

Note 1. The earned depletion base transferred on amalgamation or windup, to which subsections 87(1.2) and 88(1.5) apply, should be entered in the "Regular expenses" column if the expenses were regular expenses in the hands of the amalgamating company or the subsidiary being wound up.

Note 2. If amount A is negative, enter "0" on lines 115 and 120. If amount B is negative, enter "0" on lines 140 and 145.

Part 2 – Continuity of mining exploration depletion base

Balance at end of previous tax year	150	C
Add:		
Amount transferred on amalgamation or windup of subsidiary	155	a
Amount transferred other than on amalgamation or windup of subsidiary	160	b
Subtotal (amount a plus amount b)		D
Subtotal (amount C plus amount D)		E
Deduct: Amount transferred on sale of resource property to successor	165	F
Amount available (amount E minus amount F) (Note 3)		G
Deduct: claim for the year under Regulation 1203(1)	170	H
Closing balance (amount G minus amount H)	175	I

Note 3. If amount G is negative, enter "0" on lines 170 and 175.

Part 3 – Depletion

Claim for the year under Regulation 1201 (line 115 from Part 1)	J
Claim for the year under Regulation 1202(2) (line 140 from Part 1)	K
Claim for the year under Regulation 1203(1) (line 170 from Part 2)	L
Depletion (total of amounts J to L)	M
Enter amount M on line 344 of Schedule 1.	

Part 4 – Cumulative Canadian exploration expenses

* The definition of the Canadian exploration expense (CEE) in subsection 66.1(6) was amended to implement the transition from CEE to Canadian development expense (CDE) of the pre-production development expenses incurred after March 21, 2011, for the purpose of bringing a new oil sands mine into production in reasonable commercial quantities. Transitional relief is provided for eligible oil sands mine development expenses incurred after March 21, 2011, and before 2016.

The definition of the CEE was also amended to implement the transition from CEE to CDE for pre-production mine development expenses incurred after March 20, 2013, for the purpose of bringing a new mine (other than an oil sands mine) into production in reasonable commercial quantities. Transitional relief is provided for the expenses incurred between March 21, 2013, and before 2018.

There are grandfathering provisions for CEE treatment under both of the above amendments.

	Regular expenses *	Successor expenses
Balance at end of previous tax year	200	250
Add: current-year expenses, excluding expenses incurred under look-back rule	205	
Add: current-year expenses under look-back rule [subsection 66(12.66)]	206	
Add: reclassified Canadian development expenses under subsections 66.1(9) and 66.7(9)	210	255
Add: amount transferred on amalgamation or windup of subsidiary (Note 4)	215	260
Add: amount transferred other than on amalgamation or windup of subsidiary		265
Add: Canadian renewable and conservation expenses	217	
Add: other additions	220	
Deduct: government assistance and grants	225	
Deduct: other deductions or transfers	230	280
Deduct: amount transferred on disposition of resource property to successor	240	290
Deduct: current and previous-year Canadian exploration expenses renounced in the year under a flow-through share agreement	243	
Deduct: expenses renounced under look-back rule [subsection 66(12.66)]	244	
Amount available (Note 5)	N	O
Deduct: current-year claim under subsections 66.1(2) or 66.1(3) and 66.7(3) (Note 6)	245	295
Closing balance	249	299

Claim for the year under subsections 66.1(2) or 66.1(3) (from line 245) P

Claim for the year under subsection 66.7(3) (from line 295) Q

Canadian exploration expenses (amount P **plus** amount Q) R

Enter amount R on line 341 of Schedule 1.

Note 4. Canadian exploration expenses transferred on amalgamation or wind-up to which subsections 87(1.2) and 88(1.5) apply should be entered in the "Regular expenses" column if the expenses were regular expenses in the hands of the amalgamating company or the subsidiary being wound up.

Note 5. If amount N is negative, include it as income in the "Other additions" area on page 3 of Schedule 1 and enter "0" at lines 245 and 249.
If amount O is negative, include it as income in the "Other additions" area on page 3 of Schedule 1 and enter "0" at lines 295 and 299.

Note 6. The maximum deduction is amount N **plus** the lesser of:

- amount O; and
- the amount determined under paragraph 66.7(3)(b), which, in most cases, will be the income attributable to the disposition of successored properties and the production income from successored properties.

Part 5 – Cumulative Canadian development expenses

* The definition of the Canadian exploration expense (CEE) in subsection 66.1(6) was amended to implement the transition from CEE to Canadian development expense (CDE) of the pre-production development expenses incurred after March 21, 2011, for the purpose of bringing a new oil sands mine into production in reasonable commercial quantities. Transitional relief is provided for eligible oil sands mine development expenses incurred after March 21, 2011, and before 2016.

The definition of the CEE was also amended to implement the transition from CEE to CDE for pre-production mine development expenses incurred after March 20, 2013, for the purpose of bringing a new mine (other than an oil sands mine) into production in reasonable commercial quantities. Transitional relief is provided for the expenses incurred between March 21, 2013, and before 2018.

There are grandfathering provisions for CEE treatment under both of the above amendments.

	Regular expenses *	Successor expenses
Balance at end of previous tax year	300	350
Add: current-year expenses, excluding expenses incurred under look-back rule	303	
Add: current-year expenses under look-back rule [subsection 66(12.66)]	304	
Add: amount transferred on amalgamation or windup of subsidiary (Note 7)	305	355
Add: amount transferred other than on amalgamation or windup of subsidiary		357
Add: other additions	310	
Deduct: reclassified Canadian development expenses under subsections 66.1(9) and 66.7(9)	315	365
Deduct: government assistance and grants	320	
Deduct: receivable on disposition of underground oil and gas storage rights or mining property	325	
Deduct: credit balance in the cumulative Canadian oil and gas property expense pool	330	380
Deduct: other deductions or transfers	335	385
Deduct: amount transferred on disposition of resource property to successor	340	390
Deduct: current and previous-year Canadian development expenses renounced in the year under a flow-through share agreement	343	
Deduct: expenses renounced under look-back rule [subsection 66(12.66)]	344	
Amount available (Note 8)	S	T
Deduct: current-year claim under subsections 66.2(2) and 66.7(4) (Note 9)	345	395
Closing balance	349	399

Claim for the year under subsection 66.2(2) (from line 345) U

Claim for the year under subsection 66.7(4) (from line 395) V

Canadian development expenses (amount U **plus** amount V) W

Enter amount W on line 340 of Schedule 1.

Note 7. Canadian development expenses transferred on amalgamation or windup to which subsections 87(1.2) and 88(1.5) apply should be entered in the "Regular expenses" column, if the expenses were regular expenses in the hands of the amalgamating company or the subsidiary being wound up.

Note 8. – When there is no designation under subparagraph 66.7(4)(a)(iii) and amount T is negative, enter it on line 335 and enter "0" on lines 395 and 399.

When a designation under subparagraph 66.7(4)(a)(iii) has been made and amount T is negative, enter it online 440 in Part 6, and enter "0" on lines 395 and 399. If this results in amount X of Part 6 being negative, enter that amount on line 330.

– If amount S is negative, include it as income in the "Other additions" area on page 3 of Schedule 1 and enter "0" on lines 345 and 349.

Note 9. The maximum deduction is 30% of amount S **plus** the lesser of:

- 30% of amount T; and
- the amount determined under paragraph 66.7(4)(b).

For a tax year of less than 51 weeks, 30% is prorated, based on the number of days in the tax year divided by 365.

Part 6 – Cumulative Canadian oil and gas property expenses

	Regular expenses	Successor expenses
Balance at end of previous tax year	400	450
Add: current-year expenses	405	
Add: amount transferred on amalgamation or windup of subsidiary (Note 10)	410	455
Add: amount transferred other than on amalgamation or windup of subsidiary		460
Add: other additions	415	
Deduct: receivable on disposition of Canadian oil and gas property	420	470
Deduct: government assistance and grants	425	
Deduct: amount transferred on disposition of resource property to successor	435	485
Deduct: other deductions or transfers	440	490
Amount available (Note 11)	X	Y
Deduct: current-year claim under subsections 66.4(2) and 66.7(5) (Note 12)	445	495
Closing balance	449	499

Claim for the year under subsection 66.4(2) (from line 445) Z

Claim for the year under subsection 66.7(5) (from line 495) AA

Canadian oil and gas property expenses (amount Z **plus** amount AA) BB

Enter amount BB on line 342 of Schedule 1.

Note 10. Canadian oil and gas property expenses transferred on amalgamation or windup to which subsections 87(1.2) and 88(1.5) apply should be entered in the "Regular expenses" column, if the expenses were regular expenses in the hands of the amalgamating company or the subsidiary being wound up.

Note 11. (a) When there is no designation under subparagraph 66.7(4)(a)(iii) and amount Y is negative, enter it on line 440 and enter "0" on lines 495 and 499. If this results in amount X becoming negative, enter that amount on line 335 in Part 5, "Cumulative Canadian development expenses," and enter "0" on lines 445 and 449.

When a designation under subparagraph 66.7(4)(a)(iii) has been made and amount Y is negative, enter it on line 380 in Part 5, "Cumulative Canadian development expenses," and enter "0" on lines 495 and 499. If amount T in Part 5 becomes negative, enter that amount on line 440. If this results in amount X in Part 6 becoming negative, enter that amount on line 330 in Part 5.

(b) When amount X is negative due to other than (a) above, enter the amount on line 330 in Part 5 and enter "0" on lines 445 and 449.

Note 12. The maximum deduction is 10% of amount X, **plus** the lesser of:

- 10% of amount Y; and
- the amount determined under paragraph 66.7(5)(b).

For a tax year of less than 51 weeks, 10% is prorated, based on the number of days in the tax year divided by 365.

Part 7 – Foreign exploration and development expenses

Foreign exploration and development expenses are those incurred outside Canada in a tax year beginning before 2001. If the expenses are specified foreign exploration and development expenses, complete Part 8.

	Regular expenses	Successor expenses
Balance at end of previous tax year	500	550
Add: amount transferred on amalgamation or windup of subsidiary (Note 13)	510	555
Add: amount transferred other than on amalgamation or windup of subsidiary		560
Deduct: other deductions or transfers	515	565
Amount available (Note 14)	CC	DD
Deduct: current-year claim under subsections 66(4) and 66.7(2) (Note 15)	520	570
Closing balance	525	575

Note 13. Foreign exploration and development expenses transferred on amalgamation or windup to which subsections 87(1.2) and 88(1.5) apply should be entered in the "Regular expenses" column if the expenses were regular expenses in the hands of the amalgamating company or the subsidiary being wound up.

Note 14. If amount CC is negative, include it as income in the "Other additions" area on page 3 of Schedule 1 and enter "0" on lines 520 and 525. If amount DD is negative, include it as income in the "Other additions" area on page 3 of Schedule 1 and enter "0" on lines 570 and 575.

Note 15. The maximum deduction for regular expenses is the lesser of:

- amount CC; and
- the greater of foreign-source resource income and 10% of amount CC.

For a fiscal period of less than 51 weeks, 10% is prorated based on the number of days in the tax year divided by 365.

The maximum deduction for successor expenses is the lesser of:

- amount DD; and
- foreign-source resource income attributable to successored properties.

Foreign-source resource income includes income from oil and gas wells or mines outside Canada and proceeds, less applicable expenses and reserves on the disposition of foreign resource property.

	Regular expenses	Successor expenses
Foreign-source resource income	530	580

Claim for the year under subsection 66(4) for foreign exploration and development expenses (from line 520) EE

Claim for the year under subsection 66.7(2) for foreign exploration and development expenses (from line 570) FF

Claim for the year under subsection 66(4) for specified foreign exploration and development expenses (amount LL from Part 8) GG

Claim for the year under subsection 66.7(2) for specified foreign exploration and development expenses (amount MM from Part 8) .. HH

Claim for the year under subsection 66.21(4) (amount NN from Part 9) II

Claim for the year under subsection 66.7(2.3) (amount OO from Part 9) JJ

Foreign exploration and development expenses and cumulative foreign resources expenses (total of amounts EE to JJ) **KK**

Enter amount KK on line 345 of Schedule 1.

Part 8 – Specified foreign exploration and development expenses

Specified foreign exploration and development expenses are foreign exploration and development expenses incurred in a tax year beginning before 2001 and that relate to a specific foreign country. The previous-year expenses incurred and the current-year claim must be sourced to the country they relate to. If an expense incurred was for two or more countries, allocate a reasonable expense to each country and use that allocation consistently in the following years.

Regular expenses

	1 Country in which regular expenses were incurred 601	2 Balance at the end of the previous tax year 600	3 Amount transferred on amalgamation or windup of subsidiary (Note 16) 610	4 Other additions 611	5 Other deductions or transfers 615	6 Amount available (column 2 plus column 3 plus column 4 minus column 5) (Note 17)	7 Current-year claim per subsection 66(4) (Note 18) 620	8 Closing balance (column 6 minus column 7) 625	9 Foreign resource income (Note 19) 630
1.									
2.									
3.									
4.									
5.									
6.									
7.									
8.									
9.									
10.									

Claim for the year per subsection 66(4)

LL

Note 16. Enter in column 3 the foreign exploration and development expenses transferred on amalgamation or windup to which subsections 87(1.2) and 88(1.5) apply, if the expenses were regular expenses in the hands of the amalgamating company or the subsidiary being wound up.

Note 17. If an amount in column 6 is negative, include it as income in the "Other additions" area on page 3 of Schedule 1, and enter "0" in the corresponding row entries for lines 620 and 625.

Note 18. The maximum deduction for regular expenses is the lesser of:

- the total of all amounts available in column 6; and
- the greater of the total of all amounts in column 9 and 10% of the total of all amounts available in column 6 (for a fiscal period of less than 51 weeks, 10% is prorated based on the number of days in the tax year divided by 365).

The deduction claimed must be allocated to a particular country according to subsection 66(4.2).

Note 19. The amount in column 9 is the excess of foreign resource income over the amount claimed under subsection 66.7(2) and 66.7(2.3).

Part 8 – Specified foreign exploration and development expenses (continued)

Successor expenses

1	2	3	4	5	6	7	8	9
Country in which successor expenses were incurred	Balance at the end of the previous tax year	Amount transferred on amalgamation or windup of subsidiary	Amount transferred other than on amalgamation or windup of subsidiary	Other deductions or transfers	Amount available (column 2 plus column 3 plus column 4 minus column 5) (Note 20)	Current-year claim per subsection 66.7(2) (Note 21)	Closing balance (column 6 minus column 7)	Foreign resource income
651	650	655	660	665		670	675	680
1.								
2.								
3.								
4.								
5.								
6.								
7.								
8.								
9.								
10.								

Claim for the year per subsection 66.7(2)

MM

Note 20. If an amount in column 6 is negative, include it as income in the "Other additions" area on page 3 of Schedule 1, and enter "0" in the corresponding row entries for lines 670 and 675.

Note 21. The maximum deduction for successor expenses is the lesser of:

- the total of all amounts available in column 6; and
- the total of all amounts in column 9 attributable to successored properties [foreign resource income is calculated according to paragraph 66.7(2)(b)].

The deduction claimed must be allocated to each country according to subsection 66.7(2.2).

Part 9 – Cumulative foreign resource expenses

Foreign resource expenses are those that relate to a country other than Canada and that have been incurred in a tax year beginning after 2000. This expense and its cumulative pool must be determined for each foreign country to which an expense relates. If an expense relates to two or more countries, determine a reasonable allocation of the expense to each country.

Regular expenses

1	2	3	4	5	6	7	8	9	10
Country in which regular expenses were incurred	Balance at the end of the previous tax year	Current-year expenses	Amount transferred on amalgamation or windup of subsidiary (Note 22)	Other additions	Other deductions or transfers	Amount available (column 2 plus column 3 plus column 4 plus column 5 minus column 6) (Note 23)	Current-year claim per subsection 66.21(4) (Note 24)	Closing balance (column 7 minus column 8)	Foreign resource income (loss) (Note 25)
701	700	705	710	711	715		720	725	730
1.									
2.									
3.									
4.									
5.									
6.									
7.									
8.									
9.									
10.									
Claim for the year per subsection 66.21(4)								NN	

Note 22. Foreign resource expenses transferred on amalgamation or windup to which subsections 87(1.2) and 88(1.5) apply should be entered in column 4, if the expenses were regular expenses in the hands of the amalgamating company or the subsidiary being wound up.

Note 23. If an amount in column 7 is negative, include it as income in the "Other additions" area on page 3 of Schedule 1, and enter "0" in the corresponding row entries for lines 720 and 725.

Note 24. The maximum deduction for regular expenses is the total of amount A and amount B where:

A = the greater of:

- 10% of the amount available in column 7; and
- the least of the following amounts:
 - a) 30% of the amount available in column 7;
 - b) the foreign resource income in column 10 for the particular country calculated according to subparagraph 66.21(4)(a)(ii); or
 - c) the total of all amounts in column 10.

For a fiscal period of less than 51 weeks, 10% and 30% are prorated based on the number of days in the tax year divided by 365.

B = the lesser of:

- the amount in column 7, minus amount A above; and
- the global foreign resource limit for the year designated for that country.

Note 25. Column 10 is the excess of foreign resource income over the total of any amount designated under subparagraph 59(1)(b)(ii) and claimed under subsections 66(4), 66.7(2), and 66.7(2.3).

Part 9 – Cumulative foreign resource expenses (continued)**Successor expenses**

	1 Country in which successor expenses were incurred 751	2 Balance at the end of the previous tax year 750	3 Amount transferred on amalgamation or windup of subsidiary 755	4 Amount transferred other than on amalgamation or windup of subsidiary 760	5 Other deductions or transfers 765	6 Amount available (column 2 plus column 3 plus column 4 minus column 5) (Note 26)	7 Current-year claim per subsection 66.7(2.3) (Note 27) 770	8 Closing balance (column 6 minus column 7) 775	9 Foreign resource income (loss) 780
1.									
2.									
3.									
4.									
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7.									
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9.									
10.									
Claim for the year per subsection 66.7(2.3)								OO	

Note 26. If an amount in column 6 is negative, include it as income in the "Other additions" area on page 3 of Schedule 1, and enter "0" in the corresponding row entries for lines 770 and 775.

Note 27. The maximum deduction for successor expenses is the lesser of:

- 30% of the amount available in column 6; and
- the foreign resource income in column 9 attributable to successored properties [foreign resource income is calculated according to paragraph 66.7(2.3)(b)].

For a fiscal period of less than 51 weeks, 30% is prorated based on the number of days in the tax year divided by 365.