



## LOW RATE INCOME POOL (LRIP) CALCULATION (2006 and later tax years)

|                     |                 |                                    |
|---------------------|-----------------|------------------------------------|
| Name of corporation | Business Number | Tax year-end<br>Year   Month   Day |
|---------------------|-----------------|------------------------------------|

- Use this schedule to calculate the balance of the low rate income pool (LRIP) at any time in the tax year if you are a corporation resident in Canada that is:
  - a corporation **other** than a Canadian-controlled private corporation (CCPC) or a deposit insurance corporation (DIC); or
  - a corporation that elects under subsection 89(11) not to be a CCPC.
- When an eligible dividend was paid or there was a change in the LRIP balance in the tax year, file a completed copy of this schedule with your *T2 Corporation Income Tax Return*. Do not send your worksheets with your return, but keep them in your records in case we ask to see them later.
- Sections and subsections referred to in this schedule are from the *Income Tax Act*.
- Subsection 89(1) defines the terms eligible dividend, excessive eligible dividend designation, general rate income pool, and low rate income pool.

## Part 1 – Calculation of low rate income pool (LRIP)

|   |            |                  |
|---|------------|------------------|
| LRIP at the end of the immediately previous tax year (enter "0" for the first tax year ending in 2006) . . . . .  | <b>100</b> | _____            |
| Income for the credit union deduction (amount E in Part 3 of Schedule 17 of the previous year if the corporation was <b>not</b> a CCPC in the previous tax year, otherwise enter "0") . . . . . | <b>120</b> | _____            |
| Aggregate investment income of a corporation that has elected under subsection 89(11) not to be a CCPC (line 440 of the T2 return of the previous tax year) . . . . .                           | <b>140</b> | _____            |
| Subtotal ( <b>add</b> lines 120 and 140) _____  | x 80% =    | <b>150</b> _____ |
| Investment corporation deduction (line 620 of the T2 return of the previous tax year) _____   | x 4 =      | <b>160</b> _____ |
| Subtotal ( <b>add</b> lines 100, 150, and 160) _____  |            | <b>190</b> _____ |

## Part 2 – Calculation of LRIP and excessive eligible dividend designations during the tax year

Complete this part if you paid an eligible dividend in the tax year.

| <b>200</b><br>Date*<br>(yyyy/mm/dd) | <b>210</b><br>Total dividends** receivable<br>in the year up to but not<br>including the date on line<br>200 that are deductible<br>under section 112 | <b>220</b><br>Total adjustments for<br>amalgamations, wind-<br>ups, or on ceasing to be<br>a CCPC*** | <b>230</b><br>Subtotal ( <b>add</b> lines<br>190, 210, and 220) | <b>240</b><br>Total dividends****<br>payable in the year up to<br>but not including the date<br>on line 200 | <b>250</b><br>Total of excessive eligible<br>dividend designations<br>made up to, but not<br>including the date on line<br>200 |
|-------------------------------------|---|--|---|---|--|
| 1.                                  |   |  |   |   |  |
| 2.                                  |   |  |   |   |  |
| 3.                                  |   |  |   |   |  |
| 4.                                  |   |  |   |   |  |
| 5.                                  |   |  |   |   |  |

| <b>260</b><br>LRIP as of the date on<br>line 200<br>(line 230 <b>minus</b> the total<br>of line 240 and line 250) | <b>270</b><br>Total eligible dividends<br>paid on the date on<br>line 200 | <b>280</b><br>Excessive eligible<br>dividend designation<br>( <b>lesser</b> of lines 260<br>and 270) |
|---|---|--|
| 1.  |   |  |
| 2.  |   |  |
| 3.  |   |  |
| 4.  |   |  |
| 5.  |   |  |

\* Enter on line 200 each date where:

- an eligible dividend was paid in the year; or
- an adjustment was made as a result of an amalgamation or the wind-up of a subsidiary or on ceasing to be a CCPC (by an election or otherwise).

\*\* taxable dividends from a corporation resident in Canada (other than eligible dividends)

\*\*\* Complete the worksheets in Parts 4 to 6 separately for each predecessor, each subsidiary involved in the wind-up, and when the corporation ceases to be a CCPC or DIC. Total the adjustments for this date and enter on line 220.

\*\*\*\* includes taxable dividends (other than an eligible dividend, a capital gains dividend within the meaning assigned by subsection 130.1(4) or 131(1), or a dividend deductible under subsection 130.1(1))

Total excessive eligible dividend designations in the tax year (total of all amounts in column 280)

Enter this amount on line B on Schedule 55.

A

**Part 3 – LRIP closing balance calculation**

|   |            |   |
|---|------------|---|
| Amount on line 190 of Part 1 .....  |            | A |
| Total dividends** receivable in the tax year that are deductible under section 112 .....  | <b>510</b> |   |
| Total adjustments for amalgamations, wind-ups, or on ceasing to be a CCPC*** .....        | <b>520</b> |   |
| Subtotal (add lines 510 and 520) .....  |            | B |
| Subtotal (add lines A and B) .....  |            | C |
| Total dividends**** payable in the tax year .....   | <b>540</b> |   |
| Total excessive eligible dividend designations in the tax year (line A from Part 2) ..... |            | D |
| Subtotal (add lines 540 and D) .....  |            | E |
| LRIP at the end of the tax year (line C minus line E) (if negative enter "0") .....       | <b>590</b> |   |

\*\* taxable dividends from a corporation resident in Canada (other than eligible dividends)

\*\*\* Complete the worksheets in Parts 4 to 6 separately for each predecessor, each subsidiary involved in the wind-up, and when the corporation ceases to be a CCPC or DIC.

\*\*\*\* includes taxable dividends (other than an eligible dividend, a capital gains dividend within the meaning assigned by subsection 130.1(4) or 131(1), or a dividend deductible under subsection 130.1(1))

## Part 4 – Worksheet for adjustment when a corporation ceases to be a CCPC or DIC

Complete this part if the corporation is neither a CCPC nor a DIC in this tax year but was a CCPC or a DIC in the previous tax year.

Keep a copy of this calculation for your records in case we ask to see it later.

This adjustment to the LRIP can be made at any time in the tax year.

Cost amount to the corporation of all property immediately before the end of the previous tax year..... D

The corporation's cash on hand immediately before the end of the previous tax year

Total of subsection 111(1) losses that would have been deductible in computing the corporation's taxable income for the previous tax year if the corporation had had unlimited income from each business carried on and each property held and had realized an unlimited amount of capital gains for the previous tax year:

Non-capital losses .....

Net capital losses .....

Farm losses

Restricted farm losses

Limited partnership losses

|          |   |   |
|----------|---|---|
| Subtotal | ▶ | 1 |
|----------|---|---|

Total of all amounts deducted under subsection 111(1) in computing the corporation's taxable income for the previous tax year:

Non-capital losses

Net capital losses .....

Farm losses

### Restricted farm losses

Limited partnership losses .....

|          |   |   |
|----------|---|---|
| Subtotal | ▶ | 2 |
|----------|---|---|

Unused and unexpired losses at the end of the corporation's previous tax year (line 1 **minus** line 2) (if negative, enter "0") F

Unpaid and unexpired losses at the end of the corporation's previous tax year (line 1 **minus** line 2) (if negative, enter "0") F

Subtotal (add lines D, E, and F) \_\_\_\_\_ G

All of the corporation's debts and other obligations to pay that were  
outstanding immediately before the end of its previous tax year \_\_\_\_\_ H

Paid up capital of all of the corporation's issued and outstanding shares  
of capital stock immediately before the end of its previous tax year .....

All of the corporation's reserves deducted in its previous tax year .....

The corporation's capital dividend account immediately before the end of its previous tax year if the corporation is **not** a private corporation in the current tax year. . . . . K

The corporation's general rate income pool (GRIP) at the end of its previous tax year (if negative, use brackets) \_\_\_\_\_ L

Eligible dividends paid in the previous tax year . . . . . 3

1. *Journal of the American Medical Association*, 1997; 277: 1039-1043.

Excessive eligible dividend designations made in the previous tax year ..... 4

Subtotal (line 3 **minus** line 4) (if negative, enter "0") M

Subtotal (line L **minus** line M) (if negative, use brackets) ▶ NSubtotal (**add** lines H, I, J, K, and N) (if negative, use brackets) \_\_\_\_\_  \_\_\_\_\_ 0

**Adjustment for a corporation that ceases to be a CCPC or DIC (line G minus line O) (if negative, enter "0")** .....

## Part 5 – Worksheet for adjustment when a corporation is formed as a result of an amalgamation

Complete this part if the corporation was formed as a result of an amalgamation or merger of two or more corporations, one of which is a taxable Canadian corporation. Complete a separate worksheet for **each** predecessor.

This adjustment to the LRIP can be made at any time in the tax year.

The last tax year was its tax year that ended immediately before the amalgamation.

Keep a copy of this calculation for your records, in case we ask to see it later.

### For a predecessor corporation that was a CCPC or a DIC in its tax year that ended immediately before the amalgamation

Cost amount to the predecessor of all property immediately before the end of its last tax year ..... **D**

The predecessor's cash on hand immediately before the end of its last tax year ..... **E**

Total of subsection 111(1) losses that would have been deductible in computing the predecessor's taxable income for its last tax year if the predecessor had had unlimited income from each business carried on and each property held and had realized an unlimited amount of capital gains for its last tax year:

|                                  |       |   |
|----------------------------------|-------|---|
| Non-capital losses .....         | _____ |   |
| Net capital losses .....         | _____ |   |
| Farm losses .....                | _____ |   |
| Restricted farm losses .....     | _____ |   |
| Limited partnership losses ..... | _____ |   |
| Subtotal                         | ===== | 1 |

Total of all amounts deducted under subsection 111(1) in computing the predecessor's taxable income for its last tax year:

|                                  |       |   |
|----------------------------------|-------|---|
| Non-capital losses .....         | _____ |   |
| Net capital losses .....         | _____ |   |
| Farm losses .....                | _____ |   |
| Restricted farm losses .....     | _____ |   |
| Limited partnership losses ..... | _____ |   |
| Subtotal                         | ===== | 2 |

Unused and unexpired losses at the end of the predecessor's last tax year  
(line 1 **minus** line 2) (if negative, enter "0") ..... **F**

Subtotal (**add** lines D, E, and F) ..... **G**

All of the predecessor's debts and other obligations to pay that were  
outstanding immediately before the end of its last tax year ..... **H**

Paid up capital of all the predecessor's issued and outstanding shares  
of capital stock immediately before the end of its last tax year ..... **I**

All of the predecessor's reserves deducted in its last tax year ..... **J**

The predecessor's capital dividend account immediately before the end  
of its last tax year if the new corporation is **not** a private corporation ..... **K**

The predecessor's general rate income pool (GRIP) at the end  
of its last tax year (if negative, use brackets) ..... **L**

Eligible dividends paid in its last tax year ..... **3**

Excessive eligible dividend designations made in  
its last tax year ..... **4**

Subtotal (line 3 **minus** line 4) (if negative, enter "0") ..... **M**

Subtotal (line L **minus** line M) (if negative, use brackets) ..... **N**

Subtotal (**add** lines H, I, J, K, and N) (if negative, use brackets) ..... **O**

Adjustment for a CCPC or DIC predecessor corporation (line G **minus** line O) (if negative, enter "0") ..... **P**

### For a predecessor corporation that was neither a CCPC nor a DIC in its tax year that ended immediately before the amalgamation

LRIP at the end of its last tax year ..... **Q**

**Adjustment for a predecessor corporation involved in an amalgamation** (**add** lines P and Q) ..... **T**

Calculate amount T for **each** predecessor.

**Part 6 – Worksheet for adjustment when a corporation has wound-up a subsidiary**

Complete this part if the corporation is the parent corporation and has, in the year, received all or substantially all of the assets on dissolution or wind-up of a subsidiary. Complete a separate worksheet for **each** subsidiary involved in the wind-up.

This adjustment to the LRIP can be made at any time in the tax year that is on or after the end of the subsidiary's last tax year.

The last tax year for the subsidiary was its tax year during which its assets were distributed to the parent on the wind-up.

Keep a copy of this calculation for your records in case we ask to see it later.

**For a subsidiary corporation that was a CCPC or a DIC in its last tax year**

Cost amount to the subsidiary of all property immediately before the end of its last tax year ..... **D**

The subsidiary's cash on hand immediately before the end of its last tax year ..... **E**

Total of subsection 111(1) losses that would have been deductible in computing the subsidiary's taxable income for its last tax year if the subsidiary had had unlimited income from each business carried on and each property held and had realized an unlimited amount of capital gains for its last tax year:

Non-capital losses .....  
Net capital losses .....  
Farm losses .....  
Restricted farm losses .....  
Limited partnership losses .....  
Subtotal ..... **1**

Total of all amounts deducted under subsection 111(1) in computing the subsidiary's taxable income for its last tax year:

Non-capital losses .....  
Net capital losses .....  
Farm losses .....  
Restricted farm losses .....  
Limited partnership losses .....  
Subtotal ..... **2**

Unused and unexpired losses at the end of the subsidiary's last tax year  
(line 1 **minus** line 2) (if negative, enter "0") ..... **F**

Subtotal (**add** lines D, E, and F) ..... **G**

All of the subsidiary's debts and other obligations to pay that were  
outstanding immediately before the end of its last tax year ..... **H**

Paid up capital of all the subsidiary's issued and outstanding shares of  
capital stock immediately before the end of its last tax year ..... **I**

All the subsidiary's reserves deducted in its last tax year ..... **J**

The subsidiary's capital dividend account immediately before the end  
of its last tax year if the parent is **not** a private corporation ..... **K**

The subsidiary's general rate income pool (GRIP) at the end of  
its last tax year (if negative, use brackets) ..... **L**

Eligible dividends paid in its last tax year ..... **3**

Excessive eligible dividend designations made in  
its last tax year ..... **4**

Subtotal (line 3 **minus** line 4) (if negative, enter "0") ..... **M**

Subtotal (line L **minus** line M) (if negative, use brackets) ..... **N**

Subtotal (**add** lines H, I, J, K, and N) (if negative, use brackets) ..... **O**

Adjustment for a CCPC or DIC subsidiary (line G **minus** line O) (if negative, enter "0") ..... **P**

**For a subsidiary corporation that was neither a CCPC nor a DIC in its last tax year**

LRIP at the end of its last tax year ..... **Q**

**Adjustment for a subsidiary involved in a wind-up** (**add** lines P and Q) ..... **T**

Calculate amount T for **each** subsidiary.