



Canada Revenue
Agency

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du Canada

Guide for the T5013 Partnership Information Return

2006

What's new for 2006?

Revised partnership forms

T5013 (Flat) information slip redesign

We redesigned the T5013 information slip using a generic format and introduced more boxes to eliminate the "Details" notes. The extra boxes facilitate the source concept of amounts flowing through the partnership to the partners. We relocated the information for previous section 2, Tax shelter information, and section 3, Allocation of Canadian exploration and development expenses, to the new T5013A information slip.

- **Form T5013 (Flat) information slip, *Statement of Partnership Income*** – Replaces the former section 1 of the T5013 information slip.
- **Form T5013A (Flat) information slip, *Statement of Partnership Income for Tax Shelters and Renounced Resource Expenses*** – The areas for the tax shelter and renounced resource expense allocations replace the former sections 2 and 3 of the T5013 information slip, and the balance of the slip replaces the former section 1.

The flat version is one slip on a **single page** (not carbon-loaded) and is intended for laser or ink jet printers, for typing, or to be filled out by hand.

The instructions for the information slip recipients are separate from the flat slips, and are available in each language.

- **Form T5013 Instructions for recipient** – This is a 3 page document that provides the recipient with the information about how to report the amounts in each of the boxes on the T5013 information slip.
- **Form T5013A Instructions for recipient** – This is a 3 page document that provides the recipient with the information about how to report the amounts in each of the boxes on the T5013A information slip.

Elimination of carbon-loaded slips

The carbon-loaded T5013 information slips are now obsolete, and we no longer accept them.

Form T5013 Summary, *Information Return of Partnership Income*

We revised the T5013 Summary, *Information Return of Partnership Income*, to summarize the T5013 (Flat) and T5013A (Flat) information slips.

We replaced sections C and D of the T5013 Summary with new prescribed forms T5013 SCH 100, T5013 SCH 125, and T5013 SCH 141 to provide us with other information we need. You **always** have to file these forms with the T5013 *Partnership Information Return*.

We added a checklist of supporting documents and attachments that you have to, or may have to, send with your T5013 *Partnership Information Return*.

New prescribed forms

We replaced the former prescribed partnership forms and introduced some prescribed forms:

- **T5013 SCH 1, *Partnership's Net Income (Loss) for Income Tax Purposes*** – New prescribed Form T5013 SCH 1 replaces the sample format of the *Reconciliation of partnership's net income (or loss) for income tax purposes* previously located in the guide. The older version is obsolete, and we will no longer accept it.
- **T5013 SCH 2, *Charitable Donations, Gifts, and Political Contributions*** – New prescribed Form T5013 SCH 2 provides additional information we need. You have to provide this information to the partners on their T5013 and T5013A information slips.
- **T5013 SCH 6, *Summary of Dispositions of Capital Property*** – New prescribed Form T5013 SCH 6 provides additional information we need. You need to provide this information to the partners on their T5013 and T5013A information slips.
- **T5013 SCH 8, *Partnership's Capital Cost Allowance Schedule*** – Replaces obsolete prescribed Form T5014, which we will no longer accept.
- **T5013 SCH 10, *Calculation of Deduction for Cumulative Eligible Capital of a Partnership*** – Replaces obsolete prescribed Form T5017, which we will no longer accept.
- **T5013 SCH 12, *Resource-related Deductions*** – New prescribed Form T5013 SCH 12 provides additional information we need. You need to provide this information to the partners on their T5013 and T5013A information slips.
- **T5013 SCH 19, *Non-resident Member Information*** – New prescribed Form T5013 SCH 19 provides additional information we need about the non-resident partners.
- **T5013 SCH 25, *Investment in Foreign Affiliates*** – New prescribed Form T5013 SCH 25 provides additional information we need about the partnership's foreign affiliates.
- **T5013 SCH 50, *Reconciliation of Partner's Capital Account*** – Replaces obsolete prescribed Form T5015, which we will no longer accept.
- **T5013 SCH 52, *Summary Information for Partnerships That Allocated Renounced Resource Expenses to Their Members*** – Replaces obsolete prescribed Form T5016, which we will no longer accept. We removed the information for tax shelters from this form because we now include that information on the T5013 Summary.
- **T5013 SCH 100, *Partnership's Balance Sheet Information*** – New prescribed Form T5013 SCH 100 replaces part of Section C of the obsolete T5013 Summary.

- **T5013 SCH 125, *Partnership's Income Statement Information*** – New prescribed Form T5013 SCH 125 replaces part of Section C and Section D of the obsolete T5013 Summary.
- **T5013 SCH 141, *Partnership's Financial Statement Notes Checklist*** – New prescribed Form T5013 SCH 141 provides additional information we need.

T5013 Partnership forms package

We no longer include forms in the centre of this guide. The prescribed forms that you always have to file are now available in a package called the *T5013 Schedules Package*, that includes:

- T5013 Summary;
- T5013 SCH 1;
- T5013 SCH 50;
- T5013 SCH 100;
- T5013 SCH 125; and
- T5013 SCH 141.

You need to order the *T5013 Schedules Package* and the T5013 and T5013A information slips from us.

The prescribed forms that you may not always have to file will be available only on our Web site.

For information on how to get the forms, see the section below called "Where can you get our publications?".

North American Industry Classification System (NAICS) Code

Starting this year, you have to give the partnership's NAICS code on prescribed Form T5011, *Application for a Partnership's Filer Identification Number*, and the T5013 Summary, *Information Return of Partnership Income*. For the NAICS (Industry) codes list, see our income tax guide T4002, *Business and Professional Income*.

Partnership which has a member that is a corporation or a trust

A partnership that carries on a business in Canada, or a Canadian partnership with Canadian or foreign operations or investments, has to file a T5013 *Partnership Information Return* for each fiscal period of the partnership if it is a partnership which has a member that is a corporation or a trust.

Proposed changes

This guide and forms package includes income tax changes that have been announced, but were not law at printing time. Once they become law, they will be effective as of the date given. We highlight the changes in this guide.

At your service

What if you need help?

In this guide, we use plain language to explain the most common partnership income tax situations. If you need more help after reading this guide, visit our Web site at www.cra.gc.ca, or call Business Enquiries at 1-800-959-5525.

Our Web site

To find more information and most of our publications, visit our Web site at www.cra.gc.ca.

Where can you get our publications?

Throughout this guide, we mention forms, pamphlets, interpretation bulletins, information circulars, and other

guides that provide more details on specific tax topics. If you want any of our publications, you can:

- visit our Web site at www.cra.gc.ca/formspubs; or
- call 1-800-959-2221.

Confidentiality of information

Under the *Privacy Act*, the information you give on the T5013 *Partnership Information Return* and related forms can be used only for the purposes authorized by law.

Income Tax Act references

In this guide, all legislative references relate to the *Income Tax Act* (Act) unless otherwise noted.

If you have a visual impairment, you can get our publications in braille, large print, or etext (CD or diskette), or on audio cassette or MP3. For details, visit our Web site at www.cra.gc.ca/alternate or call 1-800-959-2221.

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Chapter 1 – General information

This guide contains information and guidelines on how to complete the T5013 Summary, *Information Return of Partnership Income*, the T5013 information slip, *Statement of Partnership Income*, the T5013A information slip, *Statement of Partnership Income for Tax Shelters and Renounced Resource Expenses*, and related partnership information schedules and forms for 2006.

Interpretation Bulletin IT-90, *What Is a Partnership?*, can help you determine if you are in a partnership. For guidance on whether an arrangement is a partnership, see the provincial or territorial law that relates to your situation. We usually accept a decision based on those laws.

Information in Chapter 3 can help you determine if you have to file a T5013 *Partnership Information Return*, and gives some guidelines to follow when filing the information return.

Information in Chapter 6 can help you determine the partnership's and the partners' share of income (or loss).

Important reporting information that partners should know

If the partnership has to file a T5013 *Partnership Information Return*, the partners have to use the information from their T5013 or T5013A information slip to report their share of partnership income (or loss) on their own returns.

Note

If the partnership does not have to file a T5013 *Partnership Information Return*, the partners have to use the information from the partnership's financial statements to report their share of partnership income (or loss) on their own returns.

The partners use the information on their T5013 or T5013A information slip to prepare their annual returns:

- **Individuals** – T1, *Income Tax and Benefit Return*;
- **Corporations** – T2 *Corporation Income Tax Return*;
- **Trusts** – T3 *Trust Income Tax and Information Return*; and
- **Partnerships** – T5013 *Partnership Information Return*.

Note

Throughout this guide, references to "return" include whichever of the above returns applies in the circumstances.

Partnership incomes (or losses) allocated to the partners (for example, business, rental, investment) keep their source identity. For example, **dividend** income earned by a partnership is **dividend** income for the partner. The revised slip follows the principle of keeping the source identity.

Individuals – Partners who are individuals have to calculate their income and expenses from their business activities by using all of the forms listed below that apply to their business activities:

- T2124 *Statement of Business Activities*
- T2032 *Statement of Professional Activities*
- T2121 *Statement of Fishing Activities*

- T2042 *Statement of Farming Activities*

For farming activities in **Quebec**, individuals should contact their CAIS Program Administration in Quebec.

For farming activities in **Alberta, Prince Edward Island, and Ontario**, use:

- T1163 *Statement A – CAIS Program Information and Statement of Farming Activities for Individuals*
- T1164 *Statement B – CAIS Program Information and Statement of Farming Activities for Additional Farming Operations*

For farming activities in **British Columbia, Saskatchewan, Manitoba, New Brunswick, Nova Scotia, Newfoundland and Labrador**, and the **Yukon**, use:

- T1273 *Statement A – Harmonized CAIS Program Information and Statement of Farming Activities for Individuals*
- T1274 *Statement B – Harmonized CAIS Program Information and Statement of Farming Activities for Additional Farming Operations*

If the partnership has non-business rental income (or loss) from property, we encourage partners who are individuals to use Form T776, *Statement of Real Estate Rentals*, to report their share of the income (or loss). If partners also own other rental property as proprietors, they will have to combine their share of partnership rental income (or loss) with the total of their own rental income (or loss) after expenses, but before capital cost allowance (CCA). The partners may then claim CCA on their own rental buildings (subject to prescribed rates) only to the extent of the combined rental income, if any.

If the partnership is a tax shelter, a partner who is an individual (other than a trust) has to use Form T5004, *Claim for Tax Shelter Loss or Deduction, Gift and Donation Tax Credit, or Political Donation Tax Credit*, to claim any loss for the year from the tax shelter.

Chapter 2 – T5013 Partnership Information Return

General

The T5013 *Partnership Information Return* includes many forms that you have to include with each information return you file. However, depending on your partnership's circumstances, you may not have to file all the forms that are part of this information return.

Documents you have to file

The T5013 *Partnership Information Return* you send us has to include the following documents:

- the completed original T5013 Summary, *Information Return of Partnership Income*;
- the original copy of all related information slips T5013, *Statement of Partnership Income*;

- the completed original T5013 SCH 1, *Partnership's Net Income (Loss) for Income Tax Purposes*;
- the completed original T5013 SCH 100, *Partnership's Balance Sheet Information*;
- the completed original T5013 SCH 125, *Partnership's Income Statement Information*;
- the completed original T5013 SCH 141, *Partnership's Financial Statement Notes Checklist*;
- one copy of the notes to the financial statements for the fiscal period;
- the completed original T5013 SCH 50, *Reconciliation of Partner's Capital Account*; and
- other forms or documents listed in the following section, if they apply.

Note

Full disclosure is required on all documents relating to this information return. All the information requested in this information return and supporting documents is "prescribed information."

Other documents you have to file with the T5013 Partnership Information Return, if they apply

Include the following forms, schedules, or documents with your T5013 Partnership Information Return, if they apply:

- the original copy of all related information slips T5013A, *Statement of Partnership Income for Tax Shelters and Renounced Resource Expenses*;
- the completed original T5013 SCH 52, *Summary Information for Partnerships That Allocated Renounced Resource Expenses to Their Members*;

Note

Attach Form T5013 SCH 52 to the **front** of your T5013 Partnership Information Return for that period.

- copy 2 of the T101, *Statement of Resource Expenses* information slips, the partnership received from the principal-business corporation and supporting the amounts on your Form T5013 SCH 52;
- the completed original T5013 SCH 2, *Charitable Donations, Gifts, and Political Contributions*;
- the completed original T5013 SCH 6, *Summary of Dispositions of Capital Property*;
- the completed original T5013 SCH 8, *Partnership's Capital Cost Allowance Schedule*;
- the completed original T5013 SCH 10, *Calculation of Deduction for Cumulative Eligible Capital of a Partnership*;
- the completed original T5013 SCH 12, *Resource-related Deductions*;
- the completed original of Form T661, *Claim for Scientific Research and Experimental Development (SR&ED) in Canada*;

Note

Attach Form T661 and its related schedules to the **front** of your T5013 Partnership Information Return for that

period. File Form T661 no later than 12 months after the filing due date of the members' returns for the year. Otherwise, the members will **not** be allowed to claim the SR&ED expenditures.

- the completed original T5013 SCH 19, *Non-resident Member Information*;
- the completed original T5013 SCH 25, *Investment in Foreign Affiliates*;
- one copy of the schedule showing the partnership's investment tax credit calculations; and
- one copy of any other required documents, such as:
 - original certificates for donated cultural or ecological gifts;
 - information slips supporting tax deductions at source;
 - your cheque, if you are filing the return late and a penalty calculated on Form T5013 SCH 52 applies; and
 - Form T1135, *Foreign Income Verification Statement*.

T5013A, Statement of Partnership Income for Tax Shelters and Renounced Resource Expenses

Complete the T5013A information slips and attach them to the T5013 Summary if the partnership:

- is a tax shelter; or
- invested in flow-through shares of a principal-business corporation that:
 - incurred Canadian exploration expenses or Canadian development expenses; and
 - renounced those expenses to the partnership.

For information on how to complete the T5013A information slip, see the relevant information in Chapter 10 starting on page 47.

T5013 SCH 52, Summary Information for Partnerships That Allocated Renounced Resource Expenses to Their Members

Complete Schedule 52 if the partnership invested in flow-through shares of a principal-business corporation that:

- incurred Canadian exploration expenses or Canadian development expenses; and
- renounced those expenses to the partnership.

For information on how to complete this schedule, see Chapter 11 starting on page 50.

Form T661, Claim for Scientific Research and Experimental Development (SR&ED) in Canada

Complete this form and the related schedules, and attach them to the **front** of the T5013 Summary if your partnership incurred expenditures during the fiscal period for SR&ED carried on in Canada.

T5013 SCH 2, Charitable Donations, Gifts, and Political Contributions

Complete Schedule 2 and attach it to the T5013 Summary if during the year the partnership has made charitable donations, gifts to Canada, a province or territory, gifts of certified cultural property, gifts of certified ecologically sensitive land, federal political contributions, or provincial or territorial political contributions.

For information on how to complete this schedule, see Chapter 12 starting on page 52.

T5013 SCH 6, Summary of Dispositions of Capital Property

Complete Schedule 6 and attach it to the T5013 Summary if during the year the partnership disposed of capital property and incurred any capital losses, or realized any capital gains.

For information on how to complete this schedule, see Chapter 13 starting on page 53.

T5013 SCH 8, Partnership's Capital Cost Allowance Schedule

Complete Schedule 8 and attach it to the T5013 Summary if the partnership:

- is claiming capital cost allowance (CCA); or
- has acquired or disposed of depreciable property in the fiscal period.

For information on how to complete this schedule, see Chapter 14 starting on page 56.

T5013 SCH 10, Calculation of Deduction for Cumulative Eligible Capital of a Partnership

Complete Schedule 10 and attach it to the T5013 Summary if the partnership has assets that are eligible for a cumulative eligible capital amount (CECA deduction).

For information on how to complete this schedule, see Chapter 15 starting on page 61.

T5013 SCH 12, Resource-related Deductions

Complete Schedule 12 and attach it to the T5013 Summary if the partnership incurred resource-related expenses (other than resource expenses renounced to the partnership).

For information on how to complete this schedule, see Chapter 16 starting on page 63.

T5013 SCH 19, Non-resident Member Information

Complete Schedule 19 and attach it to the T5013 Summary if the partnership has any non-resident members at any time during the year.

For information on how to complete this schedule, see Chapter 17 starting on page 64.

T5013 SCH 25, Investment in Foreign Affiliates

Complete Schedule 25 and attach it to the T5013 Summary if the partnership has investments in one or more foreign affiliates.

For information on how to complete this schedule, see Chapter 18 starting on page 64.

Forms that we provide

You can get the forms you need and other publications that give more details on specific tax topics from our Web site, or by calling 1-800-959-2221. For more information and our Web site address, see the section on page 3 called "Where can you get our publications?".

Customized forms

You may want to use your own customized T5013 or T5013A information slips to provide tax information to the members of your partnership. To get our written approval to use your own customized forms, send two samples of your proposed computer-printed T5013 or T5013A information slips to:

Operations Division
Electronic and Print Media Directorate
Canada Revenue Agency
Albion Tower
25 Nicholas Street, 17th floor
Ottawa ON K1A 0L5

You can now submit your samples in .pdf format. For more information, see Information Circular 97-2, *Customized Forms*. You should get this circular from our Web site.

Due dates for filing the T5013 Partnership Information Return

Annual information return

The due date for filing the T5013 *Partnership Information Return* (including distributing the T5013 and T5013A information slips) depends on the type of partners including end members of a tiered partnership. See the definition of **end member** on page 19. Mail the recipients' copies of the T5013 and T5013A information slips, deliver them in person, or send them electronically. You have to do this no later than the day you have to file the T5013 *Partnership Information Return*.

All partners are individuals – If, throughout the fiscal period, all the members of the partnership are individuals (we consider a trust to be an individual), including end members of a tiered partnership, file your T5013 *Partnership Information Return* no later than March 31 after the calendar year in which the fiscal period of the partnership ended.

All partners are corporations – If, throughout the fiscal period, all the members of the partnership (including end members of a tiered partnership) are corporations (including a **corporate partnership that is a tax shelter**), file your T5013 *Partnership Information Return* no later than five months after the end of the partnership's fiscal period.

Partnerships that are tax shelters – Partnerships (including professional corporate partnerships, but not including other corporate partnerships) that are tax shelters, or whose expenditures made in the course of carrying on the business are or were primarily the cost or capital cost of tax shelter investments, cannot have an off-calendar fiscal period. They have to file a *T5013 Partnership Information Return* no later than March 31 after the calendar year in which the fiscal period of the partnership ended.

Any other partnership – If the members of the partnership (including end members of a tiered partnership) are a combination of individuals (including trusts) and corporations, and if the partnership is **not** a tax shelter, file your *T5013 Partnership Information Return* no later than the **earlier** of:

- March 31 after the calendar year in which the fiscal period of the partnership ended; or
- the day that is five months after the end of the partnership's fiscal period.

Final information return

If a partnership ends its operations on or before the usual end of its fiscal period, file any outstanding *T5013 Partnership Information Returns* no later than the **earlier** of:

- the day that is 90 days after the date the partnership ended all business or activity; or
- the date the partnership would otherwise have had to file a *T5013 Partnership Information Return* if it had not ended all business or activity.

Example

NTC Systems is a partnership that has six partners who are all individuals. The usual fiscal period of its business ends on January 31, 2006.

Under ordinary circumstances, the partnership would have filed the *T5013 Partnership Information Return* for the usual fiscal period no later than March 31, 2007.

However, on June 30, 2006, NTC Systems ended its business and the partnership ceased to exist. Since the partnership ceased on June 30, 2006, it had two reporting periods ending in the 2006 taxation year.

As a result, it had to file two *T5013 Partnership Information Returns*, **both due on September 28, 2006** (90 days after June 30, 2006), as follows:

- one for the full fiscal period ending January 31, 2006; and
- one for the short fiscal period from February 1 to June 30, 2006.

If the partnership has ended, each partner who is an individual can elect to have a fiscal period end on the usual date, as if the partnership had not ended. This special election is available under subsection 99(2). However, the election does not affect the due date for the *T5013 Partnership Information Return*.

For more information, see Interpretation Bulletin IT-179, *Change of Fiscal Period*.

Date when we consider the T5013 Partnership Information Return to be filed

If you deliver a *T5013 Partnership Information Return* to our secure drop-off box at your tax services office or tax centre, we will consider it to be filed on the day you delivered it. We retrieve the mail daily from those boxes and route it to the proper area for handling.

If you mail the *T5013 Partnership Information Return*, we will consider it to be filed on the date the envelope is postmarked.

If the filing deadline for the *T5013 Partnership Information Return* falls on a Saturday, Sunday, or statutory holiday, we will consider the *T5013 Partnership Information Return* to be filed on time if you deliver it on, or if the postmark on the envelope is, the first working day after the due date.

We will assess penalties if you file a *T5013 Partnership Information Return* late. See the section called "Penalties" on page 14.

Distributing the forms

For the Canada Revenue Agency – With the *T5013 Partnership Information Return* you send to us, include the documents listed in the section called "Documents you have to file" on page 6.

You may also have to include the documents listed in the section called "Other documents you have to file with the *T5013 Partnership Information Return*, if they apply" on page 7.

File the *T5013 Partnership Information Return* no later than the due date specified in the section called "Due dates for filing the *T5013 Partnership Information Return*" on page 8.

For the members of the partnership – Mail each partner two copies of the T5013 or T5013A information slips together with a copy of the slip instructions for the recipient, or deliver them in person. Do this on or before the day you have to file the *T5013 Partnership Information Return*.

Note

You can send recipients an electronic copy of their T5013 or T5013A information slips and of the *Instructions for recipient*. However, each recipient has to consent in writing (in a letter or by email) that they want to receive the slips electronically.

The document "Instructions for recipient" for the T5013 and the T5013A information slips gives the partner instructions on how to use the information.

For the partnership – For the partnership's records, keep one copy of the T5013 and T5013A information slips, as well as a copy of all attachments that you send with the *T5013 Partnership Information Return*.

Where to send the T5013 Partnership Information Return

Mail or deliver the *T5013 Partnership Information Return* to:

Data Assessment and Evaluation Programs Division
Ottawa Technology Centre
Canada Revenue Agency
875 Heron Road
Ottawa ON K1A 1A2

How to correct your T5013 *Partnership Information Return*

If you find an error in your T5013 *Partnership Information Return* after filing it, send us a letter explaining the error along with the necessary T5013 and T5013A information slips and a new T5013 Summary, as explained below. Send these documents to the Ottawa Technology Centre at the address shown in the previous section.

Do not adjust any current-year forms for errors made in a previous year.

If the error affects the partnership's net income (or loss), amend the previous year's documents and issue amended T5013 or T5013A information slips to the partners. The partners should ask us to adjust their returns for the previous year. These types of errors can affect the partner's tax payable for the previous year.

Changes to the T5013 and T5013A information slips

If you prepare amended, additional, or cancelled T5013 or T5013A information slips, send our copies of the information slips and any other schedules and forms, with a covering note explaining the changes, to the Ottawa Technology Centre.

Amended T5013 or T5013A information slips – If you have to change some of the data on a T5013 or T5013A information slip for a certain partner, prepare another one changing only the required entries. Do **not** change the amounts in the other boxes. Enter code "1" in box 05 of the revised information slip, and mail two copies to the recipient.

Additional T5013 or T5013A information slips – If you prepare an additional T5013 or T5013A information slip for a partner, enter code "2" in box 05 of the information slip, and mail the recipient two copies.

Cancelled T5013 or T5013A information slips – If you issued a T5013 or T5013A information slip by mistake and you want to cancel it, prepare another one with the same data as on the original T5013 or T5013A information slip. Enter code "3" in box 05 of the information slip, and mail the recipient two copies.

Duplicate T5013 or T5013A information slips – If you issue a T5013 or T5013A information slip to replace one that a partner has lost or destroyed, prepare another one with the same data as on the original information slip. Enter code "4" in box 05 of the replacement T5013 or T5013A information slip, and mail the recipient two copies. You do not have to send us our copies of the duplicate T5013 or T5013A information slips.

Changes to schedules, and to other forms and documents

If you **change** data on any schedule, form, or document, enter all the financial data in the same way as on the original except for the areas that you are changing. Tick (✓) the box for "Amended" at the top of the form. If the form or document does not have a box to tick at the top of the form,

clearly print the word AMENDED at the top of the form or document.

Changes to the T5013 Summary

If you prepare amended, additional, or cancelled T5013 or T5013A information slips, or other amended schedules or forms, and you **are also changing** the information on the T5013 Summary, file an amended T5013 Summary. Tick (✓) the box for "Amended" or "Additional" at the top of the T5013 Summary, whichever applies. If you tick amended, also include a written explanation of the changes you made.

If you prepare amended, additional, or cancelled T5013 or T5013A information slips, or other amended schedules or forms, and you **are not changing** the information on the T5013 Summary, do not file an amended T5013 Summary. Simply send our copies of the T5013 and T5013A information slips and any other schedules or forms, with a covering note explaining the changes, to the Ottawa Technology Centre.

We do not need another T5013 Summary for duplicate T5013 and T5013A information slips.

Where to send amended, additional, or cancelled schedules or forms and the T5013 *Partnership Information Return*

Mail or deliver these schedules or forms and the T5013 *Partnership Information Return* to the address shown in the section called "Where to send the T5013 *Partnership Information Return*" on page 9.

Chapter 3 – Requirements

Partnership's filer identification number

If your partnership has to file a T5013 *Partnership Information Return*, your partnership has to have a filer identification number. You do not have to apply for the filer identification number—we will automatically assign one to you when you file your first T5013 *Partnership Information Return*. About three weeks after we receive your first T5013 *Partnership Information Return*, we will send a letter to the address on the T5013 *Partnership Information Return* notifying you of the partnership's filer identification number. This is a nine-character number consisting of two letters (HA) followed by seven numbers. Use that number on the next T5013 *Partnership Information Return* that you file.

Note

Partnership filer identification numbers we issued before 1992 start with the letters AA, CA, GA, or HA.

We assign each partnership a unique filer identification number. A partnership can have only **one** filer identification number.

Note

If you change the name of the partnership, you should still use the original filer identification number. When you file the first T5013 *Partnership Information Return* after the name change, you should enter the new name

followed by the previous name in brackets. If you do not tell us that a name change has taken place and do not enter the partnership's original filer identification number, we may issue another filer identification number. If this happens, write and tell us the partnership's original and new names, and the original filer identification number that applies to the partnership.

Include the partnership's filer identification number on:

- the T5013 Summary, *Information Return of Partnership Income*, and all schedules;
- the T5013 and T5013A information slips and all financial statements issued to the partners;
- any other schedules and forms that you file with the T5013 *Partnership Information Return*; and
- all related correspondence you send to us.

Form T5011, Application for a Partnership's Filer Identification Number

If your partnership does not have a filer identification number and you need one before you file your first T5013 *Partnership Information Return*, use Form T5011, *Application for a Partnership's Filer Identification Number*, to apply for one. You can find Form T5011 on our Web site.

Provide all the information we ask for when you complete Form T5011, and send it to:

Data Assessment and Evaluation Programs Division
Ottawa Technology Centre
Canada Revenue Agency
875 Heron Road
Ottawa ON K1A 1A2

About three weeks after you send us your completed Form T5011, we will send a letter to the address on the form notifying you of the partnership's filer identification number. Use that number when you file your T5013 *Partnership Information Return*.

Partnerships that have to file a T5013 Partnership Information Return

Partnerships that carry on business in Canada

A partnership that carries on a business in Canada, or a Canadian partnership with Canadian or foreign operations or investments, has to file a T5013 *Partnership Information Return* for each fiscal period of the partnership if at any time during the fiscal period:

- it had six or more partners;
- it was a **tiered** partnership (a partnership which has a partner that is itself a partnership);
- it was a partnership which had a member that was a corporation or a trust;
- it invested in flow-through shares of a principal-business corporation that incurred Canadian resource expenses and renounced those expenses to the partnership; or

- if the Minister of National Revenue requests one in writing.

For definitions of the terms **partnership**, **Canadian partnership**, and **tiered partnership**, see page 20.

Example 1

Partnership is a tiered partnership (Serengeti Enterprises)

Serengeti Enterprises is a Canadian partnership with two members: Mr. Sawyer and Phoebe Properties. Each partner has a 50% interest in Serengeti Enterprises. Phoebe Properties is itself a partnership carrying on a business in Canada.

For the fiscal period ending December 31, 2006, Serengeti Enterprises had \$760,000 net income. The partnership allocated \$380,000 to each partner under the partnership agreement.

Serengeti Enterprises has to file a T5013 *Partnership Information Return* and give each partner a T5013 information slip because one of its two partners is a partnership.

Example 2

Partnership is not a tiered partnership and has fewer than six members (Phoebe Properties)

Phoebe Properties has four members who are all individuals. Each partner has a 25% interest in the partnership.

For the fiscal period ending December 31, 2006, Phoebe Properties had \$860,000 net income from its own operations. It allocated \$310,000 to each partner under the partnership agreement (\$95,000 from Serengeti Enterprises plus \$215,000 from Phoebe Properties).

Phoebe Properties does not have to file its own T5013 *Partnership Information Return* because it had **fewer** than six partners throughout the fiscal period and none of those partners is a partnership, a corporation, or a trust.

Options for Phoebe Properties in advising its members of their share of net income

Phoebe Properties has two options for advising its four partners of their part of the net income (which includes the \$380,000 reported on a T5013 information slip Serengeti Enterprises issued to Phoebe Properties):

Option 1 Phoebe Properties can give each of its partners a set of financial statements for the fiscal period.

Option 2 Phoebe Properties can complete a T5013 *Partnership Information Return* voluntarily and allocate \$310,000 to each partner on a T5013 information slip (which includes the \$95,000 from Serengeti Enterprises plus \$215,000 from Phoebe Properties).

Example 3

Partnership that has a corporation (or a trust) as a member (Newton Manufacturing)

Newton Manufacturing is a Canadian partnership with three members: Newmarket Maple Inc., Ewing Trust, and Mr. Tondo. Mr. Tondo has a 50% interest, and the other two partners each have a 25% interest in

Newton Manufacturing. Newmarket Maple Inc. is a corporation carrying on a business in Canada.

For the fiscal period ending December 31, 2006, Newton Manufacturing had a net income of \$1,350,000. The partnership allocated \$675,000 to Mr. Tondo and \$337,500 to each of the other partners under the partnership agreement.

Newton Manufacturing has to file a T5013 *Partnership Information Return* and give each partner a T5013 information slip because the partners include a corporation and a trust.

Partner's reporting responsibilities for Examples 1, 2 and 3

- Partners who are **individuals** have to complete Form T2124, *Statement of Business Activities*, using the information from the financial statements, or T5013 information slip, and following the instructions in our income tax guide T4002, *Business and Professional Income*. Partners who receive a T5013 information slip have to include this slip with their return.
- Partners that are **trusts** can choose to use Form T2124. Partners that are trusts who choose not to use this form have to include a copy of the T5013 information slip with their returns.
- Partners that are **partnerships** have to include the amounts in their financial statements and provide copies to their members or, if required, file a T5013 *Partnership Information Return* and provide T5013 information slips to their members.
- Partners that are **corporations** have to use the *General Index of Financial Information (GIFI)* to report their financial information. They have to file a copy of the T5013 information slip with their returns.

Nominees and agents who hold an interest in a partnership for another person

Requirement to file

If your partnership sells interests, shares, or units through a nominee or agent, Regulation subsection 229(3) may require the nominee or agent to complete and file a T5013 *Partnership Information Return* in prescribed form for those interests.

Every person who holds an interest in a partnership as a nominee or agent for another person has to complete and file a T5013 *Partnership Information Return* on behalf of their investors if that nominee or agent:

- has **not** provided the partnership with the information about the investors that the partnership needs to complete a prescribed T5013 information slip, *Statement of Partnership Income*, or prescribed T5013A information slip, *Statement of Partnership Income for Tax Shelters and Renounced Resource Expenses*, for **each** investor;
- has **not** provided the partnership with the information about the investors that the partnership needs to complete prescribed Form T5013 SCH 50, *Reconciliation of Partner's Capital Account*, of the T5013 *Partnership Information Return*, for **all** the investors; or

- has received a composite T5013 or T5013A information slip(s) or other financial information from the partnership on behalf of those investors, and will issue a separate T5013 or T5013A information slip to **each** of those investors on behalf of the partnership.

For details of the information the nominee or agent has to file, see the sections called "Filing requirement for nominees and agents who hold an interest in a partnership for another person" on pages 29, 33, and 64.

Investment clubs on the modified partnership basis

An investment club on the modified partnership basis that has six or more members, and an investment club with five or fewer members that elects to file on the modified partnership basis, has to file a T5013 *Partnership Information Return*. For more information about the reporting requirements for investment clubs that elect to file on the modified partnership basis, see Information Circular 73-13, *Investment Clubs*, and its Special Release.

Limited partnerships that invested in flow-through shares

A limited partnership may have invested:

- **only** in flow-through shares; or
- in flow-through shares **and** also in other property.

In each of the above situations, the partnership has to file a T5013 *Partnership Information Return* for the applicable fiscal period.

As a result of the partnership's investment in flow-through shares, the partnership may or may not have the following renunciations to allocate to the partners:

- renounced resource expenses;
- reductions to amounts previously renounced; and
- amounts of assistance.

Responsibility for filing

Once you determine that your partnership has to file the T5013 *Partnership Information Return*, each member of the partnership is responsible for making sure that a T5013 *Partnership Information Return* is filed for each fiscal period of the partnership.

You need to file only one T5013 *Partnership Information Return* for each fiscal period of the partnership. Any partner can do this for the other partners. The partner who is filing the T5013 *Partnership Information Return* on behalf of all the members of the partnership is the authorized partner. Once one partner files a T5013 *Partnership Information Return*, we consider all partners to have filed it.

Partnerships that do not have to file a T5013 *Partnership Information Return*

The following partnerships are exempt from filing a T5013 *Partnership Information Return*.

Five partners or fewer

A partnership with five partners or **fewer** throughout the whole fiscal period does not have to file a T5013 *Partnership Information Return* if:

- **none** of the partners is another partnership;
- **none** of the partners is a corporation or a trust; and
- it did **not** invest in flow-through shares of a principal-business corporation that incurred Canadian resource expenses and renounced those expenses to the partnership.

Status Indians

When **all** members of a partnership are status Indians, and the partnership earns **all** its income at its permanent establishment on a reserve, the partnership does not have to file a T5013 *Partnership Information Return*.

If the partnership has any income earned off the reserve and the income is **not** exempt from tax, the partnership may have to file a T5013 *Partnership Information Return*. See the section called “Partnerships that carry on business in Canada” on page 11.

For more information about income that is exempt from tax under statutory exemptions, see paragraph 1 in Special Release Interpretation Bulletin IT-397, *Amounts Excluded From Income – Statutory Exemptions and Certain Service or RCMP Pensions, Allowances and Compensation*.

Keeping records

Records are accounting and other financial documents kept in an organized way.

Records were traditionally kept in paper format, and were called “books and records.” Today many kinds of records are kept electronically.

Operating records

The partnership has to keep sufficient records and books of account to allow us to verify income (or losses) and other amounts that the partnership allocated to the partners. These records should include:

- ledgers, journals, vouchers, and financial statements and accounts; and
- a statement of account, a book, a chart or table, and an income tax return.

Records normally summarize the information from the source documents. Source documents records are:

- invoices, receipts, and other documents to support daily transactions;
- a written or other day-to-day record of those transactions;
- official receipts to support charitable donations, Crown (government) gifts, gifts of cultural property, gifts of ecologically sensitive land, and contributions to registered federal, provincial, and territorial political parties;
- an annual inventory, if it applies, that is kept in prescribed manner; and

- documentation to support any claim that scientific research and experimental development (SR&ED) was performed. For more information, see our income tax guide T4088, *Claiming Scientific Research and Experimental Development Expenditures – Guide to Form T661*.

The records can be either in writing on paper, or in an electronic format a computer system created.

For more information about what we consider to be records, and keeping records methods, see our income tax guide RC4409, *Keeping Records*.

If your partnership uses an electronic record keeping system, see Information Circular IC 05-1, *Electronic Record Keeping*.

Official receipts

Generally, the partnership does not have to send us official receipts with the T5013 *Partnership Information Return*. However, the partnership has to keep the official receipts with its other records in case we ask to see them.

Note

If the partnership donated cultural or ecological gifts, send us the official certificate with the T5013 *Partnership Information Return*.

Based on the T5013 and T5013A information slips, we will process the partners' claims for:

- charitable donations and government gifts;
- cultural and ecological gifts;
- political contributions;
- income taxes; and
- taxes on income from foreign business or activities, and on foreign non-business income.

Permanent records

Some records are permanent and relate to the continuing operations of the partnership from year to year. These include:

- a general ledger or other books of final entry;
- special contracts or agreements needed to understand the entries in the general ledger, including contracts related to acquiring and disposing of partnership property;
- a separate permanent record of assets;
- a separate permanent record of member's accounts, including agent's or nominee's accounts; and
- the partnership agreement.

Retention period

The partnership has to keep operating records for at least six years after the end of the last fiscal period to which they relate.

Permanent records generally have to be kept for six years after the date the partnership ends its operations.

For permission to destroy any books or records before the end of the six-year period, use Form T137, *Request for*

Destruction of Records, or send a written request to the director of your tax services office. You can find more information in Information Circular 78-10, *Books and Records Retention/Destruction*.

Review and audit

We conduct in-depth reviews or audits of partnership information returns that are filed, including the supporting records.

Some of our officials are authorized to examine or audit partnership records. They will show you an identification card before beginning a review. This protects the partnership and its partners from unauthorized people gaining access to confidential information. You can find more information on the audit process in Information Circular 71-14, *The Tax Audit*.

If you want us to contact an independent representative (such as an accountant or lawyer) about the audit, you have to authorize us to do so. For more information, see the section called "Giving or cancelling an authorization" on page 78.

Chapter 4 – Penalties, interest, and use of the social insurance number (SIN)

Penalties

Late-filing penalty

Partnership – If you file a T5013 *Partnership Information Return* or any other information return late, the partnership is liable for each failure to file on time. The penalty is \$25 a day for each day it is late, from a minimum of \$100 to a maximum of \$2,500. The partnership has to pay this penalty.

The partnership may also be subject to a reduced late-filing penalty if we have assessed it a penalty for failure to file an information return relating to foreign affiliates in respect of transfers or loans to a non-resident trust, or in respect of distributions from and indebtedness to a non-resident trust.

Partners – Each partner is also subject to a penalty if they distribute any information slips late to the recipients. Each partner (including nominees and agents who hold an interest in a partnership for another person) is subject to a penalty of \$25 a day for each day slip distribution is late, from a minimum of \$100, to a maximum of \$2,500.

Late-filing penalty under subsections 66(12.74) and 66(12.75)

Partnership – If you file Form T5013 SCH 52 late, the partnership is subject to a penalty from a minimum of \$100, to a maximum of \$15,000. The partnership has to pay this penalty.

Calculate this penalty on Schedule 52, and send your cheque for the penalty with your T5013 *Partnership Information Return*.

Failing to file a T5013 *Partnership Information Return*

Partnership – We can also assess the partnership a further penalty of \$100 for each member of the partnership multiplied by the number of months or part-months (to a maximum of 24 months), during which the T5013 *Partnership Information Return* is not filed. This further penalty will apply if:

- We have already assessed the partnership the basic penalty for failing to file for that fiscal period.
- We have formally demanded the T5013 *Partnership Information Return* from a partner for that fiscal period.
- We have assessed the partnership a penalty for filing a T5013 *Partnership Information Return* late in any of the three preceding fiscal periods.

Partners – If no member of the partnership files a T5013 *Partnership Information Return* as required under the *Income Tax Act* or *Income Tax Regulations*, each partner (including nominees and agents who hold an interest in a partnership for another person) may be guilty of an offence. If convicted, in addition to any other penalty, each partner could be liable to:

- a fine from \$1,000 up to \$25,000; or
- both a fine from \$1,000 up to \$25,000, and imprisonment up to 12 months.

Failing to provide the tax shelter identification number

We can assess a penalty of \$100 for each failure if the tax shelter identification number is missing on a form.

Providing an incorrect tax shelter identification number

If you give an incorrect tax shelter identification number, you may be guilty of an offence and, if convicted, liable to:

- a fine from 100% up to 200% of the cost of the tax shelter interest;
- imprisonment up to two years; or
- both a fine and imprisonment.

This fine is in addition to any other penalty we assess.

Failing to provide SINs or other information

We can assess penalties for each failure if information is missing on a form. Penalties for failing to give SINs and other information also apply to the partners.

Partnership – Anyone who prepares a T5013 *Partnership Information Return* or any other information return has to make a reasonable effort to get the necessary information, including identification numbers, from the individuals, corporations, or partnerships resident in Canada who will receive the information slips. If you do not do this, the partnership and each partner may be liable for each failure to a \$100 penalty. The penalty does not apply if an individual has applied for, but has not yet received, a SIN when the partnership files the information return. We may

ask to see any documents to prove you made a reasonable effort to get the identification numbers.

Partners – Persons or partnerships resident in Canada have to give their SIN or Business Number on request to anyone who has to prepare an information slip for them. A person or partnership that does not comply with this requirement is subject to a \$100 penalty for each failure.

A person or partnership that does not have an identification number has 15 days from the date of an information request to apply for one. After receiving the identification number, the person or partnership has 15 days to provide it to the person who is preparing the information slip.

An individual who does not have a SIN can apply for one at any Human Resources and Social Development office. An individual under 18 years of age at the end of the taxation year to which the information return relates does not need to provide a SIN if that individual's total income for the year will be \$2,500 or less.

For more information, see Information Circular 82-2, *Social Insurance Number Legislation That Relates to the Preparation of Information Slips*.

Using an identification number

If you have to prepare an information return (or if you are an officer, employee, or agent of someone who does), you have to get an identification number. You can use the number only for the purpose for which it was provided, or for the purposes required or authorized by law.

The Act protects the use of those numbers, and if you do not have the written consent of the individual or partnership, you cannot:

- knowingly use or communicate an identification number, or
- knowingly allow it to be communicated.

If you are convicted of using an identification number for unauthorized purposes, you are liable to:

- a fine up to \$5,000;
- imprisonment up to 12 months; or
- both a fine and imprisonment.

Interest on penalties

We charge interest, compounded daily at a prescribed rate, on the total penalties and interest outstanding. Both interest and penalties are payable to the Receiver General for Canada.

Cancelling or waiving penalties and interest

We may cancel, reduce, or waive penalties and interest if you file the T5013 *Partnership Information Return* late or distribute information slips to recipients late due to circumstances beyond your control. If this happens, include a letter with the T5013 *Partnership Information Return* explaining why it is late. For more information, see Information Circular 92-2, *Guidelines for the Cancellation and Waiver of Interest and Penalties*.

Notice of Assessment

We will issue a *Notice of Assessment* for the T5013 *Partnership Information Return* only if we apply a penalty.

If you want us to acknowledge that we have received your T5013 *Partnership Information Return*, include with your T5013 *Partnership Information Return* two copies of a letter asking for an acknowledgement. The letter should include your partnership's name and filer identification number, as well as a blank area for acknowledgement. We will date-stamp one copy of the letter and return it to you.

Chapter 5 – Glossary and additional information

We have provided the following definitions and additional information for your reference. You can find more information about some of the subjects in other related income tax guides. See the list of "Other publications" on page 74.

Also see our interpretation bulletins, information circulars, and the *Income Tax Act*. See the list of bulletins and circulars in "Appendix C – Reference publications" starting on page 73.

See page 77 for the index of terms we define in this glossary.

Adjusted cost base (ACB) of a partnership interest

General

If your partnership is a limited partnership, you need to know the adjusted cost base (ACB) of each limited partner's interest in the limited partnership before you can calculate the limited partner's at-risk amounts that you have to report on the T5013 or T5013A information slips.

In most cases, the ACB of an interest in the partnership is **not** the same amount as the original cost of that interest. Therefore, you have to adjust the cost to calculate the ACB.

Paragraphs 53(1)(e) and 53(2)(c) cover the adjustments to an interest in a partnership. The items listed in the description below of a partner's ACB only reflect some of the more common additions and subtractions for the ACB calculation.

Generally, a partner's ACB at any time is that partner's original cost of the partnership interest:

Note

See the next two sections called "Cost of a limited partner's interest when the limited partner is not the first owner of the interest" and "Cost of a partnership interest that is a tax shelter investment" for two specific exceptions.

plus

- the partner's share of income from all previous fiscal periods since the partner acquired the partnership interest;
- the partner's share of any capital dividends and life insurance capital dividends the partnership received before that time;
- the partner's additional capital contributed since the partner acquired the partnership interest; and
- for limited partners and certain specified members, the partner's negative ACB amount since the partner acquired the partnership interest, and which we consider to be a gain from a disposition before that time under subsection 40(3.1), or paragraph 98(1)(c) or 98.1(1)(c);

minus

- the partner's share of losses, investment tax credits (subsection 127(5)), and resource deductions (section 66) from all previous fiscal periods since the partner acquired the partnership interest;
- the partner's withdrawals from the partnership since the partner acquired the partnership interest;
- the partner's limited partnership loss to the extent that the limited partner deducted the loss; and
- for certain limited partners or specified members, the amount of any non-recourse debt that can reasonably be considered to have been used to acquire the partnership interest that is not a tax shelter investment.

For more information, see paragraphs 53(1)(e) and 53(2)(c) of the Act, and the following interpretation bulletins:

IT-338 – *Partnership Interests – Effects on Adjusted Cost Base Resulting From the Admission or Retirement of a Partner* (Archived)

IT-353 – *Partnership Interest – Some Adjustments to Cost Base* (Archived)

IT-430 – *CONSOLID Life Insurance Proceeds Received by a Private Corporation or a Partnership as a Consequence of Death*

Cost of a limited partner's interest when the limited partner is not the first owner of the interest

For the at-risk calculation, if the limited partner buys the limited partnership interest on the secondary market, calculate the ACB of that partnership interest as if the cost of the interest to the limited partner is whichever of the following amounts is **less**:

- the cost otherwise determined; or
- the ACB (not less than nil) of the selling limited partner.

Cost of a partnership interest that is a tax shelter investment

When the partnership interest is a tax shelter investment, section 143.2 reduces the cost (the expenditure) of the tax shelter investment by the total of all limited-recourse amounts that relate to the expenditure, the at-risk

adjustment for the expenditure, and any other amounts that can reasonably be considered to relate to the expenditure.

We may consider the unpaid principal of an indebtedness to be a limited-recourse amount if, among other circumstances, interest is not charged and paid within 60 days after year-end, or where arrangements in writing to repay the principal and interest within a reasonable period of time were not made at the time the indebtedness arose.

At-risk amount

General

The at-risk rules apply to limited partners as defined in subsection 96(2.4). These rules generally limit the amount of loss the limited partners can claim to the amount of the actual capital at risk.

Calculate the limited partner's at-risk amount (as defined in subsection 96(2.2)) and enter it in box 22-1 of the T5013 or T5013A information slips.

In simplified terms, a limited partner's at-risk amount is:

- the adjusted cost base (ACB) of the limited partner's interest in the partnership at that time;

plus

- any partnership income allocated to the limited partner for the fiscal period;

minus

- any amount that the limited partner owes to the partnership (other than any such amount deducted under subparagraph 53(2)(c)(i.3) in calculating the ACB of the limited partner's interest in the partnership, or under section 143.2 in calculating the cost of that partnership interest); and
- any amount or benefit the limited partner, or a person not dealing at arm's length with the limited partner, is entitled to get in any form or manner, immediately or in the future and absolutely or contingently, to reduce the impact of any loss to the partnership interest.

If the limited partner bought the limited partnership interest on the secondary market, to calculate the ACB of that partnership interest, see the earlier section called "Cost of a limited partner's interest when the limited partner is not the first owner of the interest."

Negative ACB of a partnership interest

Under subsection 40(3.1), limited and certain other partners have to report, as a capital gain, any negative ACB in their partnership interest at the end of a fiscal period of the partnership.

This rule extends the existing limited partnership at-risk rules that restrict the amount of losses that can be allocated to an investor. In particular, the rule ensures that partners cannot circumvent the at-risk rules by allocating partnership losses before making distributions. Therefore, such partners will no longer be able to extract, tax free, more than the ACB of their interest in the partnership.

Calculating the partner's limited partnership loss

You need to know the limited partner's at-risk amount to calculate the loss amounts you have to enter in boxes 20 to 24, and you have to show the partner's at-risk amount in box 22-1 of the T5013 or T5013A information slips.

Calculating the at-risk amount can be very complex—you have to consider many rules, and you need to know the ACB of the limited partner's interest in the partnership.

Here are two examples that show you how to calculate a limited partnership loss and the at-risk amount (subsections 96(2.1) and 96(2.2)). These examples do not include every type of adjustment that you may have to make.

The first example covers the situation where the ACB at the end of the fiscal period is a positive amount. The second example covers the situation where the ACB at the end of the fiscal period is a negative amount, and the interest was purchased from a previous partner.

Examples

1. Positive adjusted cost base

In this case, the limited partner's:

- positive ACB at the end of the fiscal period is \$50,000;
- share of the partnership's business loss (**not** a farming business) is \$240,000;
- share of the partnership's net rental loss from property is \$5,000;
- share of the partnership's capital gain from real estate is \$40,000;
- investment tax credits and farming losses are nil;
- resource expenses—Canadian exploration expenses (CEE) are \$10,000 (in this case, these are **not** renounced resource expenses);
- amounts owing to the partnership as described in paragraph 96(2.2)(c) are nil;
- guarantees given as described in paragraph 96(2.2)(d) are nil; and
- resource assistance entitlements as described in paragraph 96(2.2)(d) are \$5,000.

A)	Share of business loss	(\$ 240,000)	
	Share of net rental loss from property	(5,000)	
	Total losses (paragraph 96(2.1)(a))	(\$ 245,000)	A
B)	ACB	\$ 50,000	
	Plus: Capital gain from real estate	40,000	
	Minus: Amounts under paragraphs 96(2.2)(c), (d)	5,000	
	At-risk amount (subsection 96(2.2))	\$ 85,000	B
C)	Investment tax credit (subsection 127(8))	nil	
	Farming losses	nil	
	Resource expenses (CEE)	\$ 10,000	
	Total reductions	\$ 10,000	C

Limited partnership loss (subsection 96(2.1)):

Amount from line A	\$ 245,000	
Minus: Amount from line B	\$ 85,000	
Minus:		
Amount from line C	10,000	
Allowable losses	\$ 75,000	► (75,000)
Limited partnership loss	\$ 170,000	

T5013 or T5013A information slip

Box 22	–	(70000 00)	[This is the "Allowable losses" minus the amount included in Box 23. The limited partner will report this amount on line 122 of the T1 return.]
Box 23	–	(5000 00)	[The limited partner will report this amount on line 126 of the T1 return.]
Box 70	–	40000 00	[The limited partner will report the capital gain on line 174 on Schedule 3 of the T1 return.]
Box 24	–	(170000 00)	[This is the limited partnership loss available for carryforward.]
Box 90	–	10000 00	[The limited partner will use this amount to calculate the allowable deduction for the CCEE pool under "Other" in Area II on Form T1229, <i>Statement of Exploration and Development Expenses and Depletion Allowance</i> .]
Box 22-1	–	85000 00	[This is the limited partner's at-risk amount.]
Box 96	–	5000 00	[The limited partner will use this amount to calculate the allowable deduction for the CCEE pool under "Other" in Area II on Form T1229.]

2. Negative adjusted cost base

In this case, the limited partner's:

- interest in the partnership was not acquired from the partnership itself;
- actual cost of the partnership interest was \$10,000;
- the ACB of the former partner just before the sale was a negative amount of \$8,000;
- negative ACB adjustments since the acquisition of this partnership interest (other than current-year income and losses) were \$12,000;
- negative ACB at the end of the fiscal period is \$2,000;
- share of the partnership's business loss (other than a farming business) is \$40,000;
- share of the partnership's farming business loss is \$3,000—not included in the business loss above (note that farming is not the chief source of income in the partnership);
- share of partnership's capital gain from real estate is \$20,000;
- investment tax credits are \$3,500;
- resource expenses are nil;
- amounts owing to the partnership described under paragraph 96(2.2)(c) are nil; and
- guarantees given or other entitlements described under paragraph 96(2.2)(d) are nil.

A)	Share of business loss (other than farming)	(\$ 40,000) A
B)	Cost of the partnership interest	nil*
	* Because the partnership interest was acquired from a transferor other than the partnership, under subsection 96(2.3), the cost of the partnership interest that the limited partner acquired is considered to be whichever is less:	
	■ the cost otherwise determined, i.e., \$10,000; or	
	■ the greater of:	
	– the ACB to the former partner before the sale (– \$8,000); or	
	– nil.	
	ACB adjustments since acquisition (other than current-year income)	(\$ 12,000)
		(\$ 12,000)
	Plus: Capital gain from real estate	20,000
	Minus: Amounts under paragraphs 96(2.2)(c), (d)	nil
	At-risk amount (subsection 96(2.2))	\$ 8,000 B
C)	Investment tax credit (subsection 127(8))	\$ 3,500
	Farming losses	3,000
	Resource expenses (CEE)	nil
	Total reductions	\$ 6,500 C
Limited partnership loss (subsection 96(2.1)):		
	Amount from line A	\$ 40,000
	Minus: Amount from line B	\$ 8,000
	Less:	
	Amount from line C	(6,500)
	Allowable business loss	\$ 1,500 ► (1,500)
	Limited partnership loss	\$ 38,500
T5013 or T5013A information slip		
Box 22	– (1500)00	[The limited partner will report this amount on line 122 of the T1 return.]
Box 20	– (3000)00	[The limited partner will report this amount on line 141 of the T1 return.] The limited partner could have a restricted farm loss.
Box 70	– 20000)00	[The limited partner will report the capital gain on line 174 on Schedule 3 of the T1 return.]
Box 24	– (38500)00	[This is the limited partnership loss available for carryforward.]
Box 107	– 3500)00	[The limited partner will report this amount on line 412 of the T1 return.]
Box 22-1	– 8000)00	[This is the limited partner's at-risk amount.]

Flow-through shares

General

A flow-through share is generally a share of the capital stock of a principal-business corporation that is issued to a person or partnership following an agreement in writing. Under the agreement, the corporation will incur Canadian exploration expenses or Canadian development expenses (resource expenses) and renounce those expenses to that person or partnership.

Flow-through shares identification number

We assign a flow-through shares identification number to the principal-business corporation that issues flow-through shares. This identification number has eight numbers and has to be included on the T101 slip, *Statement of Resource Expenses*, that the principal-business corporation issues to your partnership. You have to enter this number on Form T5013 SCH 52, *Summary Information for Partnerships That Allocated Renounced Resource Expenses to Their Members*.

Filing a flow-through shares information return

A partnership has to file the T5013 *Partnership Information Return* if it invested in flow-through shares of a principal-business corporation that:

- incurred Canadian exploration expenses or Canadian development expenses; and
- renounced those resource expenses to the partnership.

Joint ventures

The *Income Tax Act* does not define **joint venture**. The term is often incorrectly used to describe an association that may be a partnership. Whether a joint venture is a partnership is a question of fact. Interpretation Bulletin IT-90, *What Is a Partnership?*, can help you determine if you are in a partnership.

In general terms, we do **not** consider a joint venture to be a partnership when the following conditions apply:

- Each person (participant) keeps ownership of the property. That is, the property is not held under joint tenancy or tenancy in common other than, for example, the land used in a single project to construct an apartment building.
- The joint venture is limited to one project or has a specified end.
- The agreement states that it is not a partnership, and the facts support this.
- The joint venture participants do not act as agents for each other.
- Each joint venture participant receives a share of the gross profits, and shares only expenses for the specific project (that is, they do not operate a business in common).

None of the above factors alone will determine if the relationship is a joint venture or a partnership.

Eligible pooling arrangements

Under subsections 44.1(1) and (3), individuals may use a special purpose partnership as an investment agent in an arrangement that is treated as a joint venture. Each individual will be treated as having his or her own share portfolio within the partnership.

Members of a partnership (partners)

End member

The end member is the **last** individual (including a trust) or corporation that receives the final allocation from a partnership **after** the income has been allocated through all the various levels of the tiered partnership.

Example

Partnership 1 – ZYX Investments has two partners, Mr. Zachary and Yerex Properties. Yerex Properties is a partnership.

Partnership 2 – Yerex Properties has four partners, all individuals.

The four partners of Yerex Properties are **end members** of ZYX Investments.

General partner

A general partner is a partner whose personal liability for the debts and obligations of the partnership is not limited.

Limited partner (at any time during the fiscal period)

A limited partner is a partner whose liability as a partner is limited under partnership law.

However, we consider other partners to be limited partners for the:

- at-risk rules relating to losses, investment tax credits, and resource expenses (subsection 96(2.4));
- deemed gain rules relating to a negative ACB (subsection 40(3.14)); and
- cost of tax shelter investments (section 143.2).

Such other partners could include a partner whose participation in the partnership is limited by contract, and corporate shell general partners.

A limited partner does **not** include a member of a **limited liability partnership** under the circumstances described in paragraph 96(2.4)(a). A limited liability partnership is a type of partnership permitted under some provincial and territorial laws.

Limited partner's exempt interest

Subsection 96(2.5) defines a limited partner's exempt interest. Generally, it is a prescribed partnership interest or an interest in a partnership that was actively carrying on business, or earning income from renting or leasing

property, on a regular and continuous basis on February 25, 1986, and continuously after that date.

If a partnership interest is an exempt interest, a person who we would otherwise consider to be a limited partner will not be subject to the at-risk rules introduced in 1986. A partnership interest can lose exempt status when, after February 25, 1986, there has been a substantial contribution of capital to the partnership or a substantial borrowing by the partnership.

Specified member

The status as a specified member of a partnership is determined for each partner for a particular fiscal period or taxation year of the partnership. Generally, a specified member as defined in subsection 248(1) includes:

- any partner who is a limited partner at any time during the partnership's fiscal period or taxation year; and
- any partner (including a general partner) who while a partner was not regularly, continuously, and substantially during the partnership's operating year:
 - actively engaged in the activities of the partnership's business, except for the financing of the partnership; and
 - carrying on a business similar to that of the partnership in its taxation year.

Partnerships

General

A partnership is the relationship that exists between two or more persons who join to carry on a trade or business in common to make a profit. If there is no business in common, there is no partnership. For instance, co-ownership of a rental property as an investment does not in itself constitute a partnership.

Each person contributes money, property, labour, or a skill, and each person expects to share in the profits (or the losses) of the business enterprise. You can have a valid partnership without a formal written partnership agreement.

The type and extent of a person's involvement in the business is important in determining whether the person is a partner. For more information, see Interpretation Bulletin IT-90, *What Is a Partnership?*

If you need more help to decide whether an arrangement is a partnership, you can consult the relevant provincial or territorial laws. We will usually accept a decision based on those laws.

Canadian partnership

A Canadian partnership is one in which all the partners, including all end members, are resident in Canada.

Limited partnership

You have to register a limited partnership as such under the appropriate provincial or territorial registry system. A

limited partnership has at least one general partner and one or more limited partners.

Tiered partnership

A tiered partnership has one or more partners that are partnerships.

Partnership's fiscal period

General

Under paragraph 96(1)(b), we consider the partnership's fiscal period to be its taxation year. Generally, the partnership must use the calendar year as its fiscal period:

- when at least one of the members of a partnership is:
 - an individual (other than a testamentary trust, or an individual who is exempt from tax under section 149 or 149.1);
 - a professional corporation; or
 - a partnership that has a member that is described above; or
- when the partnership is a member of another partnership.

If the partnership has a business not carried on in Canada, the Act does not require that the business use a December 31 fiscal year-end.

Election to use an off-calendar fiscal period

A new partnership that carries on business can elect under subsection 249.1(4) to use an off-calendar fiscal period, if:

- it is **not** a member of another partnership, **and**
- **all** its members are individuals (including a testamentary trust, or an individual that is exempt from tax under sections 149 or 149.1).

Partnerships that are tax shelters

Partnerships (including professional corporate partnerships, but not including other corporate partnerships) that are tax shelters, or whose expenditures made in the course of carrying on the business are or were primarily the cost or capital cost of tax shelter investments, **cannot** have an off-calendar fiscal period.

Revoking your partnership's election to have an off-calendar fiscal period

If your partnership elected under the alternative fiscal-period method to have an off-calendar fiscal period, and now wants to change to a December 31 fiscal year-end, you can revoke that election under subsection 249.1(6). To do so, an authorized partner has to file a completed Form T1139, *Reconciliation of 2006 Business Income for Tax Purposes*, with the relevant return of income on or before the earliest filing due date for the members of the partnership.

For more information, see our income tax guide RC4015, *Reconciliation of Business Income for Tax Purposes*.

Tax shelters

General

For more information about tax shelters, gifting arrangements, promoters, and advisors, see our income tax guide T4067, *Guide for the Tax Shelter Information Return*, and the instruction document called “Instructions for applying for a tax shelter identification number,” appended to Form T5001, *Application for Tax Shelter Identification Number and Undertaking to Keep Books and Records*.

What is a tax shelter?

The Act defines “tax shelter” and “gifting arrangement” in subsection 237.1(1).

Generally, a tax shelter is:

- an **investment in property** (other than a flow-through share or a prescribed property); or
- a **gifting arrangement** under which a person entering into the arrangement:
 - makes a gift to a qualified donee; or
 - makes a monetary contribution to a registered party, a provincial division of a registered party, a registered association, or a candidate as those terms are defined in the *Canada Elections Act*; or
 - incurs a limited-recourse debt that can reasonably be considered to relate to a gift to a qualified donee or to a monetary contribution.

When do we consider an investment in property, or a gifting arrangement, to be a tax shelter?

Generally, the **investment in property** or the **gifting arrangement** is a tax shelter:

- if it is promoted as offering income tax savings, **and**
- if it is reasonable to consider, based on statements or representations made or proposed to be made, that within the first four years of buying an investment in the property or entering into the gifting arrangement, the buyer or donor will have losses, deductions, or credits.

Further, it has to be reasonable to consider that the losses, deductions, or credits would be **equal to or more than** the net cost of the original investment or of the property acquired under the gifting arrangement. “Net cost” is net of any prescribed benefits expected to be received or enjoyed, directly or indirectly, by the person or another person with whom the person does not deal at arm’s length.

Prescribed property and prescribed benefits in relation to a tax shelter

Prescribed property in relation to a tax shelter is defined in the *Income Tax Regulations* subsection 231(7) and includes property that is:

- a registered pension plan,
- a registered retirement savings plan,
- a deferred profit-sharing plan,

- a registered retirement income fund,
- a registered education savings plan, or
- shares of:
 - prescribed venture capital corporations,
 - prescribed labour-sponsored venture capital corporations, or
 - taxable Canadian corporations held in a prescribed stock savings plan.

For more information on tax shelters or prescribed property, see Information Circular 89-4, *Tax Shelter Reporting*.

Prescribed benefits in respect of an interest in a tax shelter are defined in the *Income Tax Regulations* subsections 231(6) and (6.1), and include tax credits, revenue guarantees, contingent liabilities, limited-recourse amounts, and rights of exchange or conversion.

Gifting arrangements

The tax shelter rules for gifting arrangements generally apply to gifts, monetary contributions, and representations made and property acquired under the gifting arrangement after February 18, 2003.

Tax shelter identification number

The tax shelter promoter has to get a tax shelter identification number **before** selling, issuing, or accepting a contribution towards acquiring an interest in a tax shelter. The tax shelter promoter must use Form T5001, *Application for Tax Shelter Identification Number and Undertaking to Keep Books and Records*, to apply for a tax shelter identification number. Before we will issue a tax shelter identification number, the promoter has to provide us with prescribed information including a copy of an offering memorandum, and with a statement that the promoter will keep the books and records in Canada. We use the tax shelter identification number for administrative purposes only and it does not in any way confirm the entitlement of an investor to claim any tax benefits associated with the tax shelter. The tax shelter identification number consists of two letters (**TS**) followed by six numbers.

For more information about registering a tax shelter, see our income tax guide T4067, *Guide for the Tax Shelter Information Return*.

Filing a T5003 Tax Shelter Information Return

Partnerships that are tax shelters have to:

- file the T5013 *Partnership Information Return* if they are **not exempt** from filing. The T5013A information slip provides the partners with the tax shelter information, therefore, the partnership should not file the T5003 *Tax Shelter Information Return*.
- file the T5003 *Tax Shelter Information Return*, if they are **exempt** from filing the T5013 *Partnership Information Return*. To determine if your tax shelter is exempt from filing, see the section called “Partnerships that do not have to file a T5013 *Partnership Information Return*” on page 12.

Chapter 6 – Determining the net income (or loss) of the partnership and partners

General

A partnership has to:

- prepare its financial statements and calculate its income (or losses) following generally accepted accounting principles;
- prepare the appropriate T5013 SCH forms that apply in the circumstances;
- reconcile its income (or losses) for income tax purposes according to the *Income Tax Act* and *Income Tax Regulations* to determine the incomes and losses from each source that the partnership can allocate to the partners (using T5013 SCH 1, *Partnership's Net Income (Loss) for Income Tax Purposes*);
- prepare its T5013 Summary, *Information Return of Partnership Income* which summarizes all the amounts allocated to the partners; and
- prepare the T5013 and T5013A information slips for the partners.

For technical matters, you may need to refer to other sources of information about income tax legislation. "Appendix C – Reference publications" starting on page 73 lists some of our publications that apply to partnerships.

The sources of the totals for incomes and losses you enter on the T5013 Summary are the same sources as those on the T5013 and T5013A information slips. The T5013 and T5013A information slips are simply a condensed report of the sources of incomes and losses from the partnership's financial statements, adjusted for income tax purposes, and allocated to each partner.

Fiscal year-end

Income tax legislation for calculating income for businesses that have a fiscal period that does **not** end on **December 31** may affect your partnership's income. To determine if your partnership has to use a December 31 fiscal year-end, see the section called "Partnership's fiscal period" on page 20.

If your partnership's business can use an off-calendar fiscal year-end, special rules may apply. For more information, see our income tax guide RC4015, *Reconciliation of Business Income for Tax Purposes*.

Calculating the partnership's income (or loss)

Partnership income

Under the Act, we generally consider a partnership to be a flow-through entity. Calculate a partnership's income (or loss) as though the partnership is a separate entity, and flow the income (or loss) out of the partnership to the partners.

Note

Draft income tax changes that we have not referred to in this guide may affect partnership income. If you have any questions, contact Business Enquiries at 1-800-959-5525.

Gross income

For accounting purposes, the partnership's gross income is the total income from the financial statements.

Net income (or loss)

The partnership's net income (or loss) is the gross income minus the expenses. You may have to adjust this amount to calculate the net income (or loss) for income tax purposes.

Net income (or loss) for income tax purposes

Use Schedule 1 to reconcile the difference between the partnership's net income (loss) reported on the financial statements and its net income (loss) for tax purposes. For details on how to calculate net income (or loss) for income tax purposes, see the section called "Reconciling the partnership's net income (or loss) for income tax purposes" starting on page 26.

Business and non-business activities

A partnership can have a rental income (or loss) from a business or from property (a non-business activity). For more information on the difference between business and non-business rental activities, see Interpretation Bulletin IT-434, *Rental of Real Property by Individual*, and its Special Release.

Note

In this guide, when we discuss business income (or loss), we include rental income (or loss) from a business activity. When we discuss rental income (or loss), we refer to the non-business rental income (or loss) from property.

Income sources

A partnership can have income (or losses) from more than one source, such as business, professional, commission, farming, fishing, rentals, and investments. If this is the case, calculate the income (or loss) from each source separately, as follows:

- Calculate the partnership's net income (or loss) for accounting purposes (that is, prepare the financial statements).
- Apply the general rules of subsection 96(1) to calculate the net income (or loss) for income tax purposes (that is, complete Schedule 1). For more information, see the section called "Reconciling the partnership's net income (or loss) for income tax purposes" starting on page 26.
- Allocate the resulting net income (or loss) for income tax purposes to the partners (that is, complete the T5013 or T5013A information slips for the partners).

Note

When the partnership allocates income and losses to the partners, the income (or losses) keep their source identity. For example, dividend income a partnership earned is the partner's dividend income. However, if the

partner is a limited partner, some restrictions apply to the losses the limited partner can claim.

Investment in a tax shelter

When the partnership holds an interest in a tax shelter and recourse against any member of the partnership for a limited-recourse amount is limited, immediately or in the future and absolutely or contingently, the partnership's expenditures may be reduced by the amount of limited-recourse financing as covered in section 143.2.

Income from foreign sources

If your partnership earned income or realized capital gains from foreign property in 2006, report these amounts on your 2006 T5013 *Partnership Information Return*.

Convert the foreign income into **Canadian** dollars using the exchange rate in effect at the time of the transaction. If the transactions occurred at various times throughout the year, use an average exchange rate for the year.

Note

For capital transactions, you always have to use the exchange rate in effect at the time of the transaction.

For more information, see Interpretation Bulletin IT-95, *Foreign Exchange Gains and Losses*.

If during the fiscal period your partnership owned or held a beneficial interest in specified foreign property with a total cost amount of more than \$100,000, complete and file Form T1135, *Foreign Income Verification Statement*.

Business investment loss

A business investment loss is a capital loss from the actual or deemed disposition of certain capital properties.

It can arise from the disposition, or deemed disposition, to a person with whom the partnership deals at arm's length of:

- a small business corporation's share; or
- a debt that a small business corporation owes to the partnership.

A business investment loss can also occur from the deemed disposition resulting from an election under subsection 50(1) for:

- a debt that a small business corporation owes to the partnership that is considered to be a bad debt at the end of the year, other than a debt from the sale of personal-use property; or
- a share of a small business corporation that the partnership owned at the end of the year (other than a share it received as consideration for personal-use property) when the corporation:
 - has become bankrupt in the year;
 - has become insolvent and a winding-up order exists under the *Winding-Up and Restructuring Act*; or
 - at the end of the year is an insolvent corporation that has stopped operating in the year and will not start to carry on a business in the year. Also, at the end of the

year, the fair market value of the insolvent corporation's share has to be zero, and it has to be reasonable to expect that the corporation will dissolve or wind up and will not carry on a business.

For 2001 and after, generally the allowable loss is 50% of the actual loss. The allowable part of the loss is called an allowable business investment loss (ABIL).

Partners can deduct their share of the ABIL from other income for the year.

If the ABIL is more than the other income for the year, we consider that the excess is a non-capital loss, which partners can carry back three years and forward ten years.

If a partner cannot use all the non-capital loss that was the ABIL against other income by the end of the ten-year carry-forward period, the unapplied non-capital loss that was the ABIL becomes a net capital loss. As a net capital loss, a partner can carry it forward indefinitely, but can only apply it against capital gains.

For more information, see our income tax guide T4037, *Capital Gains*, and Interpretation Bulletin IT-484, *Business Investment Losses*.

Capital cost allowance (CCA)

For the definition of **capital cost allowance** and other CCA information, see page 56.

The partnership can deduct CCA on the depreciable property it owns, to the extent that regulations permit. The partnership can deduct CCA up to the maximum available for the fiscal period, or it can deduct none at all. Generally, if a fiscal period is less than 12 months, you have to prorate the deduction based on the number of days in the fiscal period.

If the partnership's activities include a rental operation, some restrictions apply to the amount of CCA the partnership can claim for the rental assets. For more information, see the section called "Restriction on rental buildings" on page 57.

For more information about specific depreciable properties, see the following interpretation bulletins:

- IT-79 *Capital Cost Allowance – Buildings or Other Structures*
- IT-147 *Capital Cost Allowance – Accelerated Write-Off of Manufacturing and Processing Machinery and Equipment*
- IT-195 *Rental Property – Capital Cost Allowance Restrictions*
- IT-274 *Rental Properties – Capital Cost of \$50,000 or More*
- IT-283 *Capital Cost Allowance – Video Tapes, Videotape Cassettes, Films, Computer Software and Master Recording Media (Archived)*
- IT-285 *Capital Cost Allowance – General Comments*
- IT-336 *Capital Cost Allowance – Pollution Control Property (Archived)*
- IT-371 *Rental Property – Meaning of Principal Business*

Scientific research and experimental development (SR&ED)

Expenditures

Subsection 96(1) has special rules that apply when a partnership has incurred SR&ED expenditures in a fiscal period. Under this subsection, the partnership deducts the full amount of SR&ED expenses in the year they were incurred.

Investment tax credit recapture

Your partnership may have claimed investment tax credits (ITC) on materials that were consumed or on equipment that was used for SR&ED in Canada.

The cost of materials used in SR&ED does not generally qualify for SR&ED tax incentives unless the materials are used in performing SR&ED in Canada. At the start of an SR&ED project, you may not know whether the materials used in the project will be used or will result in a product that has some value. After you use equipment for SR&ED, you may intend to use it for more SR&ED but later change its use or dispose of it.

In both these cases, you may have to recapture some or all of the ITC in a year when **all** the following conditions are met. The partnership:

- acquired a property in its current fiscal period or in any of its 10 preceding fiscal periods;
- claimed the cost or a portion of the cost of the property as a qualified expenditure for SR&ED on Form T661;
- included the cost or a portion of the cost of the property in computing the ITC at the end of a fiscal period; and
- disposed of or converted the property to commercial use in the fiscal period. This condition is also met if the partnership disposed of, or converted to commercial use, a property that incorporated the property previously referred to.

If the partnership meets all the above conditions, the amount of ITC the partnership has to recapture is whichever is **less**:

- the ITC earned for the property; or
- the amount calculated by applying the percentage used in calculating the ITC earned on the property to:
 - the proceeds of disposition of the property if you disposed of it to a person with whom you deal at arm's length; or
 - the fair market value of the property if you disposed of it to a person with whom you do **not** deal at arm's length.

Calculate the recapture for the fiscal period the property is disposed of or converted to commercial use. Deduct the ITC recapture from the ITC otherwise available to the partnership. If the partnership does not have enough ITC available to offset the recapture, add the excess to the partnership's pool of SR&ED expenditures for the **next** year. Partners have to include their share of the excess in Part I tax for the year by including that excess ITC recapture on the corresponding line in the "Recapture of ITC on SR&ED expenditures" section of Part A on

Form T2038(IND), *Investment Tax Credit (Individuals)*, or on Form T2SCH31, *Investment Tax Credit –Corporations*, whichever applies.

Allocating the income (or loss) to partners

General

Partnerships usually allocate income, gains, losses, deductions, credits, and other amounts among the partners according to the terms of the formal partnership agreement. If there is no written agreement for this allocation, under provincial or territorial laws partners may be entitled to share equally in the capital and profits of the business. However, under subsection 103(1) or (1.1), we can revise a partner's share of the income (or loss) of the partnership to an amount that is reasonable in the circumstances.

Current members of a partnership – Generally, a partnership's net income and loss, adjusted for income tax purposes, flows through to the partners. However, various provisions of the *Income Tax Act* can affect the amounts allocated to partners, depending on whether the partner is a **general partner, limited partner, or specified member**. For the definition of these terms, see pages 19 and 20.

Retired partners – If a retired partner is considered to be a member of the partnership under subsection 96(1.1) and receives a share of the partnership's income (or loss), prepare a T5013 or T5013A information slip for that retired partner.

For information on retired partners, see the following interpretation bulletins:

IT-242 *Retired Partners*

IT-278 *Death of a Partner or of a Retired Partner*

IT-338 *Partnership Interests – Effects on Adjusted Cost Base Resulting From the Admission or Retirement of a Partner* (Archived)

Losses

General partner – When general partners calculate their net income on their personal, corporate, or trust returns, they can deduct losses in the fiscal period to which they relate. If there is any excess, partners can usually include it in the calculation of their non-capital loss for the year.

Non-capital losses that arise in the 2006 and subsequent taxation years can be carried forward by the partners for 20 years.

Limited partner – You have to calculate, on a **partner-by-partner basis**, the amount of the limited partner's limited partnership loss, and the allowable loss that the limited partner can deduct in the current year.

Note

The total of the business (other than farming), rental, and investment losses allocated to a limited partner in a taxation year are deductible **only** to the extent of that limited partner's at-risk amount at the end of the limited partnership's fiscal period, minus certain other deductions allocated from the limited partnership.

The at-risk rules do **not** restrict farming losses that a limited partnership incurs and allocates to limited partners.

See the definition of **at-risk amount** on page 16. For information on calculating a limited partner's loss, see the section below called "Limited partner's loss calculations."

The limited partnership's losses that a limited partner cannot deduct in the current year become a **limited partnership loss**. Limited partners cannot include the limited partnership loss that they could not deduct in the current year when they calculate their non-capital loss for the year. However, the limited partners can carry the unused limited partnership loss forward indefinitely and deduct it in a later year when they have a positive at-risk amount for this limited partnership after deducting the amounts specified under subparagraph 111(1)(e)(ii).

Notes

- Use boxes 20 to 23 of the T5013 and T5013A information slips, as they apply, for the current-year allowable losses and expenses (up to the at-risk amount).
- Use box 24 of the T5013 or T5013A information slips for the part of the current-year limited partnership loss that the limited partner can carry forward.
- Use box 25 of the T5013 or T5013A information slips for the previous loss carryforward that the limited partner can claim in the current year.

Restricted farm losses

All partners – Each partner, including the limited partner, may have to restrict a farm loss under section 31. If the partnership has a loss from a farming business, the rules on restricted farm losses apply to each partner, **not** to the partnership. Use box 41 of the T5013 or T5013A information slips to allocate farming income and losses to partners that are **not** limited partners.

Limited partners – Use box 20 of the T5013 or T5013A information slips to allocate farming income and losses to limited partners.

Limited partner's loss calculations

Calculating a limited partner's allowable loss and limited partnership loss on a **partner-by-partner basis** can be complex because you need to calculate the limited partner's at-risk amount.

To calculate the at-risk amount, you need to know the adjusted cost base (ACB) of the limited partner's interest in the partnership. See the definitions of **adjusted cost base (ACB) of a partnership interest** and **at-risk amount** on pages 15 and 16, and general information about the at-risk amount on pages 16 to 18. The general information also has two examples of how to calculate the limited partnership loss for each limited partner.

Limited partnership loss that a limited partner can carry forward

To calculate the amount of each limited partner's limited partnership loss that can be carried forward for future years, use the formula:

$$A - (B - C)$$

where

- A** = the limited partner's share of the total amount of business losses (other than farming losses), rental losses, and investment losses available;
- B** = the limited partner's at-risk amount; and
- C** = the limited partner's share of the total of investment tax credits, losses incurred from a farming business, foreign exploration and development expenses, Canadian exploration expenses, Canadian development expenses, and Canadian oil and gas property expenses.

If C is **more** than B, enter "0" in that part of the calculation.

For more information, see the following interpretation bulletins:

- IT-232 *Losses – Their Deductibility in the Loss Year or in Other Years*
- IT-353 *Partnership Interest – Some Adjustments to Cost Base (Archived)*

Scientific research and experimental development (SR&ED)

Limited partners – You cannot allocate to a limited partner a loss that has been created or increased by SR&ED expenses. When you calculate the amount of the loss for tax purposes to allocate to the limited partners, reduce the loss by the amount of the SR&ED expenses deducted, or by the amount of the loss, whichever amount is **less**. This applies to SR&ED expenses incurred inside or outside Canada.

Example

- BIZ Partnership has one limited partner.
- The partnership's net income for the fiscal period ending December 31, 2006, was \$30,000 before deducting SR&ED expenses of \$45,000.

Calculating the Partnership's Business Loss, and the Business Loss to be Allocated to the Limited Partner

Net partnership income before deducting SR&ED expenses	\$	30,000	
Minus: SR&ED expenses		45,000	
Partnership net loss for the period	(\$)	15,000	
Reduced by the lesser of:			
SR&ED expenses	\$	45,000	
Net loss	\$	15,000	▶ 15,000
Business loss to be allocated to the limited partner (box 22)			nil

The loss that you **cannot** allocate to the limited partners:

- is **not** allowed to other partners;

- does **not** become a limited partnership loss;
- does **not** become a non-capital loss; and
- does **not** affect the ACB of the limited partner's interest in the partnership.

For more information, see Interpretation Bulletin IT-151-CONSOLID, *Scientific Research and Experimental Development Expenditures*, and Information Circular 86-4, *Scientific Research and Experimental Development*.

Note

If your partnership has incurred expenditures during the fiscal period for SR&ED carried on in Canada, the partnership has to file Form T661, *Claim for Scientific Research and Experimental Development (SR&ED) in Canada*. Attach the completed form and its related schedules to the **front** of your T5013 *Partnership Information Return* for that period. **File Form T661 no later than 12 months after the filing due date of the members' returns for the year.** Otherwise, the members will **not** be allowed to claim the SR&ED expenditures.

Chapter 7 – T5013 SCH 1, Partnership's Net Income (Loss) for Income Tax Purposes

Reconciling the partnership's net income (or loss) for income tax purposes

There are some expenses that a partnership cannot deduct from its income for income tax purposes. That is, some operating costs and expenses that the partnership incurred and claimed are not allowable for tax purposes, and others are applied outside of the partnership.

Example

Salary or wages paid to partners are not allowable for tax purposes.

Deductions for exploration, development, and resource property expenses, and renounced expenses apply for the members of the partnership and are not allowable for calculating the partnership's income (or loss) for tax purposes. The partnership should allocate these amounts in separate boxes on the information slip so the partners can use the amounts when they calculate their own income (or loss).

Also, the partnership may have received non-taxable income which you should deduct from income when you calculate the partnership's income for income tax purposes.

If you have such expenses or non-taxable income, the partnership's net income or loss **after extraordinary items** on the partnership's income statement will differ from the partnership's net income (or loss) for income tax purposes. In this case, complete Schedule 1 to calculate the partnership's net income (or loss) for income tax purposes.

Some specific adjustment items for the reconciliation

Salary or wages paid to partners

Partnership agreements can specify that business or professional income allocated to partners be paid as salaries or wages. Although this is an acceptable way for the partnership to allocate income:

- the partnership **cannot** deduct the salary or wages from income for income tax purposes;
- the partnership **cannot** withhold income taxes on these amounts; and
- the partnership **is not** responsible for deducting and remitting income tax instalment payments on these amounts.

Note

Individually, each partner may have to make instalment payments for the income tax due on partnership income using Form INNS3, *Instalment Remittance Form*. For more information, refer the partners to our pamphlet P110, *Paying Your Income Tax by Instalments*, or our income tax guide T7B-CORP, *Corporation Instalment Guide*.

Where the partnership agreement specifies such an allocation:

- the partnership can deduct salaries or wages paid to a member of the partnership on its financial statement of income and expenses; then,
- to calculate the net income (or loss) for income tax purposes, add those deductions back to the partnership's net income (or loss).

Food, beverages, and entertainment expenses

The deductible portion of expenses for food, beverages, and entertainment is 50% of whichever of the following amounts is **less**:

- the expenditure actually incurred, and
- the amount that would be reasonable in the circumstances.

However, under certain conditions, you can fully deduct meals provided to employees at a temporary construction work camp.

To calculate the net income (or loss) for income tax purposes, add the non-deductible portion back to the partnership's net income (or loss).

Cost of products available for sale that were consumed

One or more partners or their family members, may consume or use any of the products that the partnership ordinarily sells or uses to produce its income. The partnership **cannot** claim the cost of those products as an expense for tax purposes.

To calculate the net income (or loss) for tax purposes, the partnership has to:

- add the cost of buying or producing those products to sales (to offset the deduction of those costs as purchases); or
- add back the costs of products available for sale that were consumed (line 151 on Schedule 1).

Products available for sale that were consumed by a partner or their family members are drawings the partner made from their capital account in the partnership.

Charitable donations and government gifts

The eligible amount of the charitable donations and other gifts are eligible for non-refundable tax credits for individuals and deductions for corporations. We consider that the partners made the gift in their own taxation year in which the partnership's fiscal period ends. The partnership **cannot** deduct charitable donations and other gifts when calculating its income (or loss) for tax purposes. If a partnership deducted such amounts from its income for accounting purposes, add them back to calculate the partnership's income (or loss) for tax purposes.

For more information about charitable donations and government gifts, gifts made to a qualified donee, and qualified donees, see Chapter 12 starting on page 52.

Gift of a non-qualifying security

Special rules apply if the partnership donates a non-qualifying security (other than an excepted gift) described in subsection 118.1(18) to a qualified donee. In this case, we consider the donation not to have been made. However, if the donee disposes of the donated non-qualifying security, or if the security ceases to be a non-qualifying security, before the end of the 60-month period after the donation, we consider the partnership to have made the donation at that later time. The value of the property is whichever is **less**:

- the fair market value of any consideration received by the donee (other than a non-qualifying security of the donor); or
- the fair market value of the security at the time the donation was originally made.

Cultural and ecological gifts

The eligible amount of the cultural and ecological gifts is eligible for non-refundable tax credits for individuals and deductions for corporations. We consider that the partners made the gift in their own taxation year in which the partnership's fiscal period ends. The partnership **cannot** deduct cultural and ecological gifts when it calculates income (or loss) for tax purposes. If the partnership deducted such amounts from its income for accounting purposes, add them back to calculate the partnership's income (or loss) for tax purposes.

Unlike other donations, the partner's claim for cultural and ecological gifts is not limited to the percentage specified for charitable donations and government gifts. Partners can choose the part of their donations they want to claim in 2006 and can carry forward any unused part for up to five years.

For more information about cultural and ecological gifts, see Chapter 12 starting on page 52.

Capital gain (or loss) on property the partnership donated

You may have to report any capital gain (or loss) on property that the partnership donated. Generally for capital gains arising from gifts, the inclusion rate is 50%.

The inclusion rate for capital gains on gifts of ecologically sensitive land and non-qualifying securities is 25%. Section 38.1 provides that for gifts made to qualified donees of certain securities or of environmentally sensitive land, if a taxpayer is entitled to an advantage or benefit in respect of a gift, only part of the taxpayer's capital gain will be entitled to the special 25% inclusion rate. Subsections 248(31) and (32) define the eligible amount of a gift and of the amount of the advantage in respect of a gift.

For gifts made after May 1, 2006, of publicly-listed securities to public charities, and of ecologically-sensitive land to conservation charities, the capital gains inclusion rate will be reduced to zero.

For more information, see our income tax pamphlet P113, *Gifts and Income Tax*.

Political contributions

We consider that the partners made the political contribution in their own taxation year in which the partnership's fiscal period ends. The partnership **cannot** deduct these when calculating its income (or loss) for tax purposes. If the partnership deducted such amounts from its income for accounting purposes, add them back to calculate the partnership's income (or loss) for tax purposes.

For more information about political contributions that qualify for a tax credit, see Chapter 12 starting on page 52.

Exploration, development, and resource property expenses

Subsection 96(1) has special rules that apply when a partnership has incurred exploration, development, and resource property expenses. That is, the partnership cannot have pools for these expenses. Add back these expenses when you calculate the partnership's income (or loss) for tax purposes. Allocate these amounts in separate boxes on the information slip so the partners can use the amounts when they calculate their own income (or loss). See Interpretation Bulletin IT-353, *Partnership Interest – Some Adjustments to Cost Base* (Archived), and the section called "Boxes 90 to 93" on page 42.

How to complete Schedule 1

General

Use Form T5013 SCH 1, *Partnership's Net Income (Loss) for Income Tax Purposes*, to reconcile the difference between the partnership's net income (loss) reported on the financial statements and its net income (loss) for tax purposes.

You will need to prepare a working paper to report the separate sources on the partner's T5013 or T5103A information slips.

Report amounts in accordance with the Generally Accepted Accounting Principles (GAAP).

Identification

Enter the partnership's name, filer identification number, and fiscal period end at the top of the schedule.

Amended

Tick (✓) the box for “Amended” if it applies.

Reconciliation – Net income (loss) for income tax purposes for general partners

To calculate the net income (loss) for income tax purposes:

Line A – Partnership’s net income (loss) after extraordinary items from the partnership’s financial statements – Enter this amount on line A on page 1.

Line B (lines 104 to 140, and line 199) – **Add:**

- the non-allowable expenses and the taxable items from lines 104 to 127 (these are the most common additions);
- on lines 136 to 140, any other expenses;
 - that are not allowable for income tax purposes;
 - that are not identified on Schedule 1; and
 - that you deducted on the partnership’s income statement;
- the amount on line 199 (from line K on page 2). The line K amount (lines 150 to 159, and lines 201 to 294) includes:
 - the non-allowable expenses specific for partnerships from lines 150 to 159 (line I);
 - the non-allowable expenses and the taxable items identified on lines 201 to 238 (these are less common additions); and
 - any other amounts on lines 290 to 294 that you deducted on the partnership’s income statement, that are not allowable for income tax purposes, and that are not already covered on Schedule 1.

Total: **Add** the amounts from lines 104 to 199, and enter the total on line 500. Carry the amount to line B.

Line C (lines 300 to 394, and lines 401 to 417) – **Deduct:**

- the amount on line C (from line L on page 3). The line L amount includes:
 - the total from line 499 which includes the non-taxable items and eligible expenses from lines 300 to 316 and other deductions on lines 390 to 394 for certain items included in income that are not taxable and are not identified on Schedule 1; and
 - the total from line 510 on page 3 which includes the most common deductions on lines 401 to 417.

Line D – Net income (loss) for income tax purposes for general partners – Allocate the share of income (loss) from each source to the general partners using the amount on line D.

Net income (loss) for income tax purposes for limited or non-active partners

Complete this section to calculate the net income (loss) for income tax purposes for limited and non-active partners. The share of income (loss) that you allocate to the limited or non-active partners has to include the taxable capital gains and allowable capital losses.

Line H – Net income (loss) for income tax purposes for limited and non-active partners – Allocate the share of incomes (losses) for the limited and non-active partners using the amount on line H.

Supporting schedules

You may have to use the following schedules to calculate certain amounts on Schedule 1:

- T5013 SCH 2, *Charitable Donations, Gifts, and Political Contributions*;
- T5013 SCH 8, *Partnership’s Capital Cost Allowance Schedule*;
- T5013 SCH 10, *Calculation of Deduction for Cumulative Eligible Capital of a Partnership*;
- T5013 SCH 12, *Resource-related Deductions*;
- Form T661, *Claim for Scientific Research and Experimental Development (SR&ED) in Canada*.

Cash basis

Complete lines 203 and 302 on Schedule 1 only if you are converting from an accrual basis to a cash basis. Otherwise, leave these lines blank.

Chapter 8 – T5013 Summary, Information Return of Partnership Income

If you are preparing an amended T5013 Summary, read the sections called “How to correct your T5013 *Partnership Information Return*” and “Changes to the T5013 Summary” on page 10.

General

The T5013 Summary reports the totals of amounts allocated to the partners on the T5013 and T5013A information slips, and provides miscellaneous information about the partnership’s operations for the fiscal period. It also includes a checklist of forms and schedules that you need to attach to the T5013 *Partnership Information Return*.

Note

Full disclosure is required pertaining to all documents relating to the T5013 *Partnership Information Return*. All the information requested on the Summary and in the documents supporting your information return is “prescribed information.”

Filing requirement for nominees and agents who hold an interest in a partnership for another person

If your partnership sells interests, shares, or units through a nominee or agent, Regulation subsection 229(3) may require the nominee or agent to complete and file a T5013 *Partnership Information Return* in prescribed form for those interests, shares, or units.

Nominees or agents have to file a **separate** T5013 *Partnership Information Return* for **each** composite T5013 and T5013A information slip they receive from **each** partnership in which they hold interests on behalf of their clients (investors).

Information and forms nominees or agents have to include with the T5013 *Partnership Information Return*

Nominees or agents have to file the following T5013 *Partnership Information Return* prescribed forms and information:

1. prescribed Form T5013 Summary, *Information Return of Partnership Income*;
2. a photocopy of the composite information slip T5013, *Statement of Partnership Income*, or T5013A, *Statement of Partnership Income for Tax Shelters and Renounced Resource Expenses*, the partnership issued to the nominee or agent on behalf of the investors;

Note

Where a nominee or agent receives more than one composite T5013 or T5013A information slip from a partnership, the nominee or agent **must** file a **separate** T5013 *Partnership Information Return* for **each** slip.

3. copy 1 of all T5013 or T5013A information slip(s), for **each** person (investor) that the nominee or agent holds an interest for;
4. the completed original Form T5013 SCH 50, *Reconciliation of Partner's Capital Account* providing information about **each** investor; and
5. other T5013 schedules, forms or documents that apply.

Note

The information on prescribed information slip(s) Form T5013, *Statement of Partnership Income*, and prescribed Form T5013 SCH 50, *Reconciliation of Partner's Capital Account* of the T5013 *Partnership Information Return*, **must** reconcile with the information provided on the composite T5013 or T5013A information slip the partnership issued to the nominee or agent.

- You **must** provide all the information on the T5013 or T5013A information slip(s) including the "Limited partner's at-risk amount" in box 22-1.
- You **must** include on Schedule 50 all the information that the partnership would otherwise provide to CRA on its Schedule 50.

General information about how to complete the partnership forms and schedules

To help us process the T5013 *Partnership Information Return* efficiently and quickly, use the following instructions to prepare the T5013 Summary and the T5013 and T5013A information slips:

- Type or machine-print the data and information wherever possible. If you prepare the T5013 *Partnership Information Return* by hand, print clearly.
- Enter all amounts in **Canadian dollars**.
- **Income from foreign countries** – Report all income from foreign countries in **Canadian dollars**.

Complete a generic box to identify each foreign country, and the income from that foreign country. To number each generic box, use the appropriate box number for the type of income in the first part of the number box, followed by the appropriate three-letter code from Appendix B starting on page 71 in the second part of the number box. The partner needs this information to calculate the foreign tax credits separately for each country.

Example

If there is business income from the United States of America, use number **35 USA** for the generic box, and enter the partner's share of business income from the USA.

If there is foreign dividend and interest income from Japan, use number **55 JPN** for the generic box, and enter the partner's share of the dividend and interest income from Japan.

Business income from United States of America

Box / Case	35	USA
---------------	----	-----

Foreign dividend and interest income from Japan

Box / Case	55	JPN
---------------	----	-----

- **Income from multiple provinces or territories** – If there is income from more than one province or territory, complete a generic box to identify each province or territory, and the income from that province or territory. To number each generic box, use the appropriate box number for the type of income in the first part of the number box, followed by the appropriate two-letter code from Appendix A on page 70 in the second part of the number box. The partner needs this information to calculate provincial or territorial income tax payable.

Example

If there is business income from Alberta and from Ontario, use number **35 AB** for the generic box for Alberta, and box number **35 ON** for the generic box for Ontario. Enter the partner's share of business incomes from Alberta and Ontario in their respective boxes.

Business income from Alberta

Box / Case	35	AB
---------------	----	----

Business income from Ontario

Box / Case	35	ON
---------------	----	----

- Enter all amounts on the T5013 Summary and the T5013 and T5013A information slips in **dollars and cents**:
 - Do **not** use a comma to separate thousands.
 - Do **not** use a period to separate dollars and cents.
 - Do **not** use the dollar (\$) sign.
 - Enter all losses in brackets.

Example

2258	64
------	----

 for an income amount

(1225	49)
-------	-----

 for a loss amount

- If no entry is required, leave boxes and areas blank. Do **not** use zeros (000 00), dashes (—), nil, or N/A in the boxes or financial areas that you are not using.
- If you made an error in a previous year, do **not** adjust your current-year schedules or forms for that error. Instead, file an amended schedule or form for the previous year. For instructions, see the section called “How to correct your T5013 *Partnership Information Return*” on page 10.

If you do not enter all the information we ask for in each area, we may contact you to get the missing information or ask you to send us an amended T5013 Summary. Missing information can delay our processing a partner’s return.

How to complete the T5013 Summary

Amended or additional T5013 summary

If this T5013 Summary is an amended or an additional form, tick (✓) the appropriate box. If this is an amended form, attach a note to explain any changes you made.

Information return for fiscal period

Enter the four numbers for the year and the two numbers for the month and day, from the start to the end of the fiscal period for which you are filing this T5013 *Partnership Information Return*.

Example 1

Fiscal period starting on May 1, 2006, and ending on April 30, 2007									
From:	2006	05	01	To:	2007	04	30		
	Year	Month	Day		Year	Month	Day		

Example 2

Fiscal period starting on January 1, 2006, and ending on December 31, 2006									
From:	2006	01	01	To:	2006	12	31		
	Year	Month	Day		Year	Month	Day		

You do not need our approval for a short fiscal period when the partnership winds up. However, it does affect the due date. For more information, see the section called “Due dates for filing the T5013 *Partnership Information Return*” on page 8.

If this is a newly formed partnership, you may want to see Interpretation Bulletin IT-364, *Commencement of Business Operations*.

Identification numbers

Partnership’s filer identification number

Enter your partnership’s filer identification number. If this is the first T5013 *Partnership Information Return* that your partnership is filing, and the partnership does not have a filer identification number, leave this area blank. We will automatically assign a filer identification number when you file your first T5013 *Partnership Information Return*. For more

information, see the section called “Partnership’s filer identification number” on page 10.

If you cannot locate the partnership’s original filer identification number, contact your tax services office or tax centre.

A partnership can have only **one** filer identification number. Use the partnership’s original filer identification number even if you have changed the name of the partnership.

Business Number

Enter your partnership’s Business Number if your partnership has one.

Tax shelter identification number

If the partnership is also a tax shelter, enter the tax shelter identification number. If there is more than one tax shelter identification number, attach a list. For more information about this identification number, see the section called “Tax shelter identification number” on page 21.

Have you filed a T5013 *Partnership Information Return* before?

Tick (✓) the *No* or *Yes* box, whichever applies.

If you answer *Yes*, enter the year in the box provided. You may also have to complete the area in Section A for the “Address on last T5013 Summary.”

Section A – Identification

Partnership’s name

Enter the partnership’s name on the T5013 Summary **exactly** as on the previous T5013 Summary.

Note

If you changed the partnership’s name, enter the **new** name followed by the old name in brackets. If you do not enter this information plus the partnership’s original filer identification number, we may issue another filer identification number.

Address area

Enter the partnership’s complete head office address.

- **Province or territory** – Use the two-letter code from Appendix A on page 70 for the name of the Canadian province or territory. For all other countries, leave this area blank.
- **Postal code** – Enter the Canadian postal code.
- **Country** – Enter “CAN” or the appropriate three-letter code from Appendix B on pages 71 and 72 for any other country.
- **State** – Use the two-letter code from Appendix A on page 70 for the name of the U.S. state. For all other countries, use the two-letter code for your state or province if it has one.
- **U.S. zip code** – Enter the U.S. zip code. For all other countries (except Canada), use the postal code if that country has one. Otherwise, leave this area blank.

Address on last T5013 Summary

If the partnership's current-year head office address is different from the head office address on the last T5013 Summary, enter the complete address that was shown on the last T5013 Summary you filed. Follow the instructions on the previous page in the section called "Address area."

Is this a limited partnership?

Tick (✓) the *No* or *Yes* box, whichever applies.

If you answer *Yes*, enter the principal general partner's full name and complete address. Follow the instructions in the earlier sections called "Partnership's name" and "Address area."

If you answer *Yes*, enter "1" in box 06 on all T5013 and T5013A information slips.

Location of books and records

Enter the complete address where the partnership's books and records are kept. Follow the instructions in the earlier sections called "Partnership's name" and "Address area."

Name and social insurance number of partner designated under subsection 165(1.15) of the *Income Tax Act*

Provide the name and social insurance number of the partner whom the partners designated as the person having the right to object for the partnership to a determination we make under subsection 152(1.4). Under that subsection, we can determine any income (or loss) of the partnership for a fiscal period and any deduction or other amount, or any other matter, relevant in determining the tax liability of any member of the partnership.

Person to contact for more information

Provide the name and telephone number of a person familiar with the records, books of account, and the partnership's financial operations.

We will contact that person if we need more information to process the T5013 *Partnership Information Return* or when we review it.

Section B – General information

Line 01 – Total number of T5013 and T5013A information slips attached

Enter in the designated spaces the number of T5013 and T5013A information slips issued to partners for the fiscal period.

Line 02 – Type of partners

Tick (✓) the boxes that describe the type of partners in this partnership.

Line 03 – Type of end members

If any member of this partnership is also a partnership, tick (✓) the boxes that describe the type of end members. See the definition of end member on page 19.

Line 04 – Partnership's principal business activity

Enter the best description for the principal operation of the partnership's principal business activity, and provide the NAICS code. See our income tax guide T4002, *Business and Professional Income*, for the NAICS codes list in "Appendix – Industry Codes."

Note

If the partnership's principal activity is **non-business** rental income from property, specify "rental income from property" and enter "531390" for the NAICS code.

Line 05 – Is this the partnership's final information return?

Tick (✓) the *No* or *Yes* box, whichever applies.

Line 06 – Was the partnership inactive throughout this fiscal period?

Tick (✓) the *No* or *Yes* box, whichever applies.

If you answer *Yes*, and if the partnership has not ended its operation, the partnership has to file a T5013 *Partnership Information Return* and give each partner a T5013 or T5013A information slip.

Line 07 – Language of correspondence

Tick (✓) whichever language box that applies.

Section C – T5013 and T5013A slip totals

Use Section C to report the **total** of **all** amounts you reported on all related T5013 and T5013A information slips filed with this T5013 Summary. Section C reflects the same categories of incomes and losses you reported on the T5013 and T5013A information slips.

Lines with assigned numbers and titles – The types of income on this page are the same as the types on the T5013 and T5013A information slips. The line titles and numbers show the equivalent boxes with assigned numbers and titles on the T5013 and T5013A information slips. For each line, enter in the amount space the **total** amount reported in the equivalent box on **all** related T5013 and T5013A information slips.

Generic lines – Use the lines with no title and a blank box to report the totals of amounts allocated to the partners in the generic boxes on the T5013 and T5013A information slips. Record the title on the blank line, and the line number in the blank box. Enter in the amount space the **total** amount you reported in the equivalent box on **all** related T5013 and T5013A information slips filed with this T5013 Summary.

Use the generic lines without an amount box to report information that is not a monetary value (for example, Box 30-1, *Type of other income*; Box 56-1, *Name of the Small Business Corporation*; Box 103-2, *Name of the gift's recipient*).

Section D – Miscellaneous information (lines 01 to 27)

Tick (✓) the appropriate *No* or *Yes* box for each question.

If you answer *Yes* to a question, give the extra information we ask for in the designated area.

- Line 02** – Use the two-letter code from Appendix A on page 70 for all Canadian provinces or territories where the partnership conducts its business activities. If the partnership receives income from a foreign country, use the three-letter code from Appendix B starting on page 71.
- Line 08** – Use the code for the province or territory from the codes listed in Appendix A on page 70.
- Line 12** – Answer *Yes* only if you paid a fee to someone who is not a member of the partnership, such as an accountant or a tax-return preparer, and attach completed Schedule 141 to this T5013 Summary.
- Line 14** – If the partnership allocated renounced resource expenses to its members, complete Form T5013 SCH 52, *Summary Information for Partnerships That Allocated Renounced Resource Expenses to Their Members*, and prepare a T5013A information slip for each partner. Attach Schedule 52 and Form T101 to the **front** of the T5013 Summary when you send the T5013 *Partnership Information Return* to us. If you are filing late, attach your cheque for the late-filing penalty.
- Line 15** – If you answer *Yes*, the partnership has to complete and file Form T661, *Claim for Scientific Research and Experimental Development (SR&ED) in Canada*. Attach the completed form and its related schedules to the **front** of the T5013 Summary you send to us. **File Form T661 no later than 12 months after the filing due date of the members' returns for the year.** Otherwise, the members will **not** be allowed to claim the SR&ED expenditures. For more information, see the sections called "Scientific research and experimental development (SR&ED)" on pages 24 and 25.
- Line 17** – To calculate the total investment tax credits that the partnership earned, use the percentage of the investment cost or expenditure shown on Form T2038(IND), *Investment Tax Credit (Individuals)*, or on Form T2SCH31, *Investment Tax Credit – Corporations*, whichever applies. For more details, see our income tax guide T4002, *Business and Professional Income*, and Information Circular 78-4, *Investment Tax Credit Rates*, and its Special Release. Attach your calculations to the T5013 Summary when you send the T5013 *Partnership Information Return* to us.
- Line 19** – Include the amounts reported in boxes 90 to 93 and boxes 120 and 121 on the T5013 or T5013A information slip. For more information, see the sections called "Exploration, development, and resource property expenses," "Boxes 90 to 93," and "Boxes 120 and 121 – Renounced resource expenses" on pages 27, 42, and 47 respectively. Attach completed Schedule 12 to this T5013 Summary
- Line 20** – If you answer *Yes*, enter the total income tax allocated, and attach a copy of the source deductions slips to the T5013 Summary you send to us.

Line 23 – If you answer *Yes*, attach completed Schedule 19 to this T5013 Summary.

Line 27 – If you answer *Yes*, attach completed Form T1135, *Foreign Income Verification Statement* to this T5013 Summary.

Section E – Supporting documents and attachments checklist

Tick (✓) **all** the boxes that apply to identify the supporting schedules, forms, and other documents you have to attach to the T5013 *Partnership Information Return*. Note that certain specified documents have to be attached to the **front** of the T5013 Summary, if you have to include them.

Line 110 – Report the penalty amount from line 110 of Schedule 52, and enclose your payment for any penalty. Make your cheque payable to the Receiver General for Canada.

Distributing the forms

Send the original T5013 Summary along with all original T5013 and T5013A information slips, other schedules, and required documents no later than the due date to the address shown on page 4 of the T5013 Summary.

Send two copies of the T5013 and T5013A information slips together with a copy of the instructions for the recipient to the partner no later than the date you have to file the T5013 *Partnership Information Return*.

Section F – Certification

Authorized partner's certification

The partner who is filing the T5013 *Partnership Information Return* on behalf of all the members of the partnership has to complete and sign this area.

Chapter 9 – T5013 slip, *Statement of Partnership Income*

Before you complete the T5013 information slips, read the section called "General information about how to complete the partnership forms and schedules" on page 29 for important information on completing the amount boxes.

If you are preparing an amended T5013 information slip, also see the sections called "How to correct your T5013 *Partnership Information Return*" and "Changes to the T5013 and T5013A information slips" on page 10.

Note

If the partnership is a tax shelter, or has invested in flow-through shares, complete a T5013A information slip for each partner. The information in this chapter also applies to the T5013A information slip. You can find the additional information that is specific to that information slip in "Chapter 10 – T5013A slip, *Statement of Partnership Income for Tax Shelters and Renounced Resource Expenses*" starting on page 47.

General

This is a one-page information slip that gives each partner information about the partnership's operating results for the fiscal period. It includes income, losses, and other amounts allocated to the partner.

Certain sub-boxes require you to give information that is not an amount. Use the lines at the bottom of the section "Other amounts and information" to give this information.

Complete one T5013 information slip for each partner, and record all relevant information.

Note

If you do not enter all the information we ask for in boxes 1 to 12, we may contact you to get the missing information or ask you to send us amended T5013 information slips. Missing information can delay our processing a partner's return.

The instructions on how to complete the boxes on the T5013 and T5013A information slips may be different depending on whether the partner is a **general partner**, **limited partner**, or **specified member**. See pages 19 and 20 for definitions of these types of partners.

Filing requirement for nominees and agents who hold an interest in a partnership for another person

If your partnership sells interests, shares, or units through a nominee or agent, Regulation subsection 229(3) may require the nominee or agent to complete and file a T5013 *Partnership Information Return* in prescribed form for those interests, shares, or units.

Requirement to file

Each person who holds an interest in a partnership as a nominee or agent for another person has to complete and file a **separate** T5013 *Partnership Information Return* for **each** composite T5013 and T5013A information slip they receive from **each** partnership in which they hold an interest for another person. For more information about the filing requirements, see the section called "Nominees and agents who hold an interest in a partnership for another person" on page 12.

Information returns and slips

Nominees or agents have to provide a T5013 or T5013A information slip to each investor:

- on behalf of **each** partnership in which they hold an interest as a nominee or agent for another person; and
- for **each** composite T5013 or T5013A information slip or other financial information they receive from a partnership in which they hold an interest as a nominee or agent for another person.

The information on prescribed information slip(s) T5013, *Statement of Partnership Income*, or T5013A, *Statement of Partnership Income for Tax Shelters and Renounced Resource Expenses*, **must** reconcile with the information provided on the composite T5013 and T5013A information slips the partnership issued to the nominee or agent.

Note

You **must** provide all the information on the T5013 or T5013A information slip(s) including the "Limited partner's at-risk amount" in box 22-1.

How to complete the identification area on the T5013 and T5013A information slips

Identification

Box 01 – Fiscal period end

Enter the four numbers for the year and two numbers for the month of the fiscal reporting period.

Example

Enter a December 31 2006 year-end as

2006	12
------	----

If the partnership ended its operations, see the section called "Final information return" on page 9.

Box 02 – Partnership's filer identification number

Enter the partnership's filer identification number we have assigned. If you do not have a filer identification number, leave this box blank. Do **not** enter the partnership's Business Number in this box. For more information, see the section called "Partnership's filer identification number" on page 30.

Box 03 – Tax shelter identification number

If the partnership is a tax shelter, enter the tax shelter identification number we have assigned. If the partnership is not a tax shelter, leave this box blank. Do **not** enter the partnership's Business Number in this box. For more information, see the section called "Tax shelter identification number" on page 21.

Box 04 – Is this a publicly traded partnership?

This box identifies whether the partnership units are distributed through a registered dealer. Use code:

- "0" if **not** a publicly traded partnership; or
- "1" if a publicly traded partnership.

Box 05 – Type of slip

This box identifies the type of slip. Use code:

- "0" for an original slip;
- "1" for an amended slip;
- "2" for an additional slip;
- "3" for a cancelled slip; or
- "4" for a duplicate slip.

Box 06 – Partnership code

This box identifies the partnership's status. Use code:

- "0" for a general partnership; or
- "1" for a limited partnership.

Box 07 – Country code

Enter “CAN” if the partner resides in Canada. If the partner resides in a country **other than** Canada, enter the appropriate three-letter code for the country where the partner resides from Appendix B on pages 71 and 72.

Box 08 – Member code

To identify the partner’s membership status within the partnership for income tax purposes, use:

- “0” for a **limited partner, at any time during the fiscal period**;
- “1” for a **specified member** who is not a limited partner;
- “2” for a **general partner**;
- “3” for a **limited partner’s exempt interest** as defined in subsection 96(2.5); or
- “4” for a **nominee, agent, broker, or advisor** that holds an interest in the partnership as nominee or agent for another person.

For the definition of the partner terms, see pages 19 and 20. For information on a nominee or agent, see the section called “Filing requirement for nominees and agents who hold an interest in a partnership for another person” on page 28.

Member code for retired partner

If a partner has retired but is receiving income as described in subsection 96(1.1), we consider the retired partner to be a member of the partnership. Therefore, you have to determine the appropriate member code for that retired partner. If the partner was a general partner before retirement, depending on the circumstances, we may still consider the retired partner to be a general partner, or we may consider the retired partner to be a specified member who is not a limited partner.

Example

Before retirement, Carl (an individual) was a general partner of the partnership. After retirement, Carl continues to receive payments from work in progress.

Situation 1 – Carl is still **actively engaged** in the partnership’s business. In this case, we consider Carl to be a **general partner**.

Situation 2 – Carl is **carrying on a business activity** similar to the partnership’s business. In this case, we consider Carl to be a **general partner**.

Situation 3 – Carl is not actively engaged in the partnership’s activities **and** is not carrying on a business activity similar to the partnership’s business. In this case, we consider Carl to be a **specified member** who is not a limited partner.

Box 09 – Number of partnership units held

If the partnership is structured as partnership units, enter the number of units, complete to **all** decimal places, held by the partner at the partnership’s fiscal period end.

Use box 12 to explain more complex sharing arrangements that cannot be shown as a percentage or as units.

Box 10 – Partner’s share (%) of partnership income (loss)

Enter the partner’s share of the partnership income (or loss) as a percentage, complete to **all** decimal places, held by the partner at the partnership’s fiscal period end.

Complete this box even if you have entered the number of partnership units in box 09.

Use box 12 to explain more complex sharing arrangements that cannot be shown as a percentage or as units.

Box 11 – Recipient’s identification number

For an individual – Enter the social insurance number (SIN).

The T5013 or T5013A information slip preparer has to make a reasonable effort to get a partner’s SIN. However, if the partner has not given the SIN when you prepare the T5013 or T5013A information slip, leave this area blank.

If the partner does not have a SIN and has to apply for one, leave this area blank. **Do not delay** completing the annual T5013 *Partnership Information Return* beyond the due date.

If a partner gives a SIN after you filed the T5013 *Partnership Information Return*, prepare an amended T5013 or T5013A information slip.

Penalties can apply if you do not give the SIN. For more information, see the section called “Failing to provide SINs or other information” on page 14.

For a corporation – Enter a “0” followed by the corporation’s Business Number. You can get this number from a corporation officer.

For a partner that is a trust – Enter the trust account number for that trust. You can get this number from the trust’s trustee.

For a partner that is a partnership – Enter that partnership’s filer identification number or Business Number.

Box 12 – Complex sharing arrangements

Use box 12 to explain more complex sharing arrangements that cannot be shown in box 09 as units, or in box 10 as a percentage.

Partner’s name and address

Type or clearly print this information as described below:

Partner’s name

For an individual – Enter the **last name first**, followed by the usual first name and initials.

For a corporation – Enter the corporation’s full name.

For a partnership – Enter the partnership’s full name.

For a trust – Enter the trust’s full name.

Partner’s address

In all cases, enter the **complete mailing address** of the partner. If the partner is a trust, enter the **complete mailing**

address of the responsible trustee, executor, liquidator, or administrator. Include the following:

- number and street name;
- suite, apartment, or post office box number;
- city;
- province, territory, or state (use the appropriate two-letter code from Appendix A on page 70);
- postal, zip, or other such code; and
- country (use “CAN” or the appropriate three-letter code from Appendix B on pages 71 and 72).

Partnership’s name and address

Enter the partnership’s **full** name and complete address as entered on the T5013 Summary.

How to complete boxes 20 to 108

General

Before completing boxes 20 to 108, make sure you:

- completed T5013 SCH 1, *Partnership’s Net Income (Loss) for Income Tax Purposes*, to adjust the partnership’s net income (or loss) for income tax purposes for each source of income; and
- considered each partner’s membership status within the partnership for income tax purposes (general, limited, or specified) when you calculated the amounts allocated to the partner.

For more information, see “Chapter 6 – Determining the net income (or loss) of the partnership and partners” starting on page 22, and “Chapter 7 – T5013 SCH 1, *Partnership’s Net Income (Loss) for Income Tax Purposes*” starting on page 26. For definitions of the partner’s membership status, see pages 19 and 20.

The rules for allocating amounts to partners can vary depending on the type of partner. Therefore, under each heading for boxes 20 to 108 in this chapter, we separated the information for general and limited partners. If there is no difference, the information is under the heading “All partners.”

Wherever necessary, we also provide additional information and instructions for tax shelters and partnerships that invested in flow-through shares.

Limited partnership net income (loss)

Limited partners – Losses allocated to a limited partner in a taxation year are restricted to that limited partner’s at-risk amount at the end of the fiscal period of the partnership, minus certain other deductions. We define the **at-risk amount** on page 16 and give two examples on pages 17 and 18 to show you how to calculate the amounts.

You cannot allocate a loss that has been created or increased by SR&ED expenditures to a limited partner. For more information, see the section called “Scientific research and experimental development (SR&ED)” on page 25.

General partners – Allocate the general partner(s) share of the limited partnership net income (loss) in the appropriate boxes in the sections for general partners.

Box 20 – Limited partnership farming income (loss)

Limited partners only – Allocate the partner’s share of the partnership’s net total farming income.

Losses allocated to a limited partner in a taxation year are restricted to that limited partner’s at-risk amount at the end of the fiscal period of the partnership, minus certain other deductions. We define the **at-risk amount** on page 16 and give an example on page 18 to show you how to calculate the loss amount for box 20.

Box 20-1 – Agricultural income stabilization (CAIS)

All partners – Enter the partner’s share of the limited partnership’s net total farming income from the CAIS program.

Box 21 – Limited partnership fishing income (loss)

Limited partners only – Allocate the partner’s share of the partnership’s net total fishing income.

Losses allocated to a limited partner in a taxation year are restricted to that limited partner’s at-risk amount at the end of the fiscal period of the partnership, minus certain other deductions. We define the **at-risk amount** on page 16 and give two examples on pages 17 and 18 to show you how to calculate the loss amounts.

Box 22 – Limited partnership business income (loss)

Limited partners only – Allocate the partner’s share of the partnership’s net total business income, other than farming income.

Losses allocated to a limited partner in a taxation year are restricted to that limited partner’s at-risk amount at the end of the fiscal period of the partnership, minus certain other deductions. We define the **at-risk amount** on page 16 and give two examples on pages 17 and 18 to show you how to calculate the loss amount for box 22.

Do **not** deduct carrying charges incurred for earning any investment income. These amounts are included in box 59.

Partnerships that are tax shelters – Enter the reduced expenditure amount after applying section 143.2.

Box 22-1 – Limited partner’s at-risk amount

Limited partners only – Enter the amount of the limited partner’s at-risk amount. We define the **at-risk amount** on page 16 and give two examples on pages 17 to 18 to show how to calculate the amount for box 22-1. If you do not show an amount in this box, we will consider that the amount for the limited partner is zero. If this amount is zero, the limited partner cannot claim any losses shown in boxes 20, 21, 22 and 26.

Note

If the partnership is a grandfathered partnership described under the heading “Limited partner’s exempt interest” on page 19, and you entered member code “3” in box 08 indicating a limited partner’s exempt interest, do not report an amount in box 22-1. Instead, include a

note in box 22-1 that the partnership is not subject to the at-risk rules.

Box 22-2 – Limited partner's adjusted at-risk amount

Limited partners only – Enter the limited partner's adjusted at-risk amount. This is the limited partner's at-risk amount reduced by the limited partner's share of any investment tax credit and any farming losses. A limited partner's share of resource expenses is restricted to the partner's adjusted at-risk amount. For more information about the adjusted at-risk amount, see the section called "Boxes 90 to 93" on page 42. For information on calculating the at-risk amount, see the section called "At-risk amount" starting on page 16.

Box 23 – Limited partnership rental income (loss)

Limited partners only – Allocate the partner's share of the partnership's net rental income (**non-business activity** rental income (or loss) from property).

Losses allocated to a limited partner in a taxation year are restricted to that limited partner's at-risk amount at the end of the fiscal period of the partnership, minus certain other deductions. We define the **at-risk amount** on page 16 and give an example on page 17 to show you how to calculate the amount for box 23.

Do **not** deduct carrying charges incurred for earning the non-business rental income. These amounts are included in box 59.

If there is rental income from foreign countries, do **not** deduct any tax the foreign country withheld from the amount of foreign income. Report the foreign tax withheld in box 81. Complete a generic box to identify each foreign country. For information on the generic box number, see the section called "Income from foreign countries" on page 29. Report all amounts in **Canadian** dollars.

Partnerships that are tax shelters – Enter the reduced expenditure amount after applying section 143.2.

Box 24 – Limited partnership loss available for carryforward

Limited partners only – For more information about limited partnership losses, see Chapter 6 starting on page 22, including the sections called "Losses," "Limited partner's loss calculations," and "Scientific research and experimental development (SR&ED)" on pages 24 and 25, respectively. We also provide examples on pages 17 and 18 to show you how to calculate the amounts for boxes 20 to 24, and how to complete the T5013 or T5013A information slip. We define the **at-risk amount** on page 16.

Limited partners only – Enter the amount of the limited partner's limited partnership loss that can be carried forward to later years.

The limited partner can carry this amount forward indefinitely and deduct it in a later year if, at that time, the limited partner has a positive at-risk amount after subtracting the amounts specified under subparagraph 111(1)(e)(ii).

Example

Brian's business loss share for the current-year is \$25,000.

Brian is a limited partner whose at-risk amount is \$10,000.

Therefore, the part of the business loss that Brian cannot deduct in the current year is \$15,000 (\$25,000 – \$10,000). The current-year business loss that Brian can deduct in the current year is \$10,000 (equals Brian's positive at-risk amount).

On the T5013 or T5013A information slip:

Limited partner's at-risk amount:	Box 22-1	10000	00
Limited partnership business income (loss):	Box 22	(10000)	00
Limited partnership loss available for carryforward:	Box 24	(15000)	00

Note

Report the amount of the current year's limited losses that the limited partner can use in the current year in boxes 20 to 23, as they apply. For information on amounts you can allocate to a limited partner in a taxation year, see the instructions for "Limited partners" on page 35 in the section called "Limited partnership net income (loss)."

Box 25 – Previous loss carryforward eligible in the current year

Limited partners only – If the partnership previously allocated a limited partnership loss available for carryforward, and in the current year is allocating income in boxes 20 to 23, enter the partner's share of the previous limited partnership loss that the partner can claim in the current year. The partners can deduct this amount against the current year's income from **this** limited partnership **only** if they have a positive at-risk amount after applying the provisions of paragraph 111(1)(e).

Box 27 – Return of capital

All partners – Enter the non-taxable amounts that the limited partnership distributed to the partner. The partners need these amounts to reduce the adjusted cost base (ACB) of the limited partnership interest.

Box 34 – Partnership's total gross income

All partners – Enter the **identical** total gross income amount on each limited or general partner's T5013 or T5013A information slip. This is the limited partnership's total gross income from all sources.

Canadian and foreign net business income (loss)

Multiple jurisdictions – If a partnership has income (or losses) in more than one province or territory, from business operations with a permanent establishment in such provinces or territories, use a separate box to allocate the income (loss) from each jurisdiction.

Complete a generic box to identify each province or territory, whichever applies. The partner needs this information to calculate provincial or territorial income tax payable. For information on the generic box number, see

the section called “Income from multiple provinces or territories” on page 29.

If the partnership has foreign business income (or losses), complete a generic box to identify each foreign country. For information on the generic box number, see the section called “Income from foreign countries” on page 29.

Box 30 – Other income

Allocate the partner’s share of any other partnership reconciled net income that is not included in boxes 35 to 43. Do **not** allocate a loss in box 30. Do **not** include investment income allocated in box 58.

Box 30-1 – Type of other income

Describe the other income you allocated in box 30. Use a generic box in the section for “Other amounts and information” to show this information.

Box 34 – Partnership’s total gross income

All partners – Enter the **identical** total gross income amount on each partner’s T5013 or T5013A information slip. This is the partnership’s total gross income from all sources.

When the amount in box 34 includes income from more than one source, enter the gross income from that source into the following relevant boxes:

Box 162, Gross business income (loss);

Box 164, Gross professional income (loss);

Box 166, Gross commission income (loss);

Box 168, Gross farming income (loss); and

Box 170, Gross fishing income (loss).

Box 35 – Business income (loss)

All partners – Allocate the partner’s share of the partnership’s reconciled net income (loss) for income tax purposes calculated on Schedule 1.

If there is business income from foreign countries, complete a generic box to identify each foreign country. For information on the generic box number, see the section called “Income from foreign countries” on page 29.

Partnerships that invested in flow-through shares – Do **not** include in boxes 35, 37, 41, or 43 any renounced resource expenses entered in boxes 120 to 125 on a T5013A information slip.

Partnerships that are tax shelters – Enter the reduced amount of the expenditure after applying section 143.2. Do **not** deduct carrying charges incurred for earning any investment income. These amounts are included in box 59.

Box 35-1 – Foreign business income that is exempt from Canadian tax due to a tax convention or agreement

Enter any part of foreign business income that is exempt from Canadian tax due to a tax convention or agreement. The partner needs this information to complete Form T1139. Complete a generic box to identify each foreign country. For information on the generic box number, see the section called “Income from foreign countries” on page 29.

Box 37 – Professional income (loss)

All partners – Allocate the partner’s share of the partnership’s reconciled net total professional income.

Box 39 – Commission income (loss)

All partners – Allocate the partner’s share of the partnership’s reconciled net total commission income.

Box 41 – Farming income (loss)

All partners – Allocate the partner’s share of the partnership’s reconciled net total farming income.

If net farming income includes farming losses that flow through to the partners, use separate boxes to identify separately the amount of the farming income and the farming loss allocated to the partner.

Box 43 – Fishing income (loss)

All partners – Allocate the partner’s share of the partnership’s reconciled net total fishing income.

Box 60 – Total business income (loss) from an active business carried on in Canada

If the partner is a corporation – Allocate the total income (loss) from an active business carried on in Canada. Use a generic box in the section for “Other amounts and information” to show this information.

Box 61 – Canadian manufacturing and processing profits under subsection 125.1(3)

If the partner is a corporation – Allocate the Canadian manufacturing and processing profits under subsection 125.1(3). Use a generic box in the section for “Other amounts and information” to show this information.

Canadian and foreign investments and carrying charges

Box 26 – Canadian and foreign net rental income (loss)

All partners – Allocate the partner’s share of the partnership’s reconciled net rental income (**non-business activity** rental income (or loss) from property).

Do **not** deduct carrying charges incurred for earning the non-business rental income. These amounts are included in box 59.

If there is foreign rental income, do **not** deduct any tax the foreign country withheld from the amount of foreign income. Report the foreign tax withheld in box 81. Report all amounts in **Canadian** dollars. Complete a generic box to identify each foreign country. For information on the generic box number, see the section called “Income from foreign countries” on page 29.

Partnerships that are tax shelters – Enter the reduced amount of the expenditure after applying section 143.2. Do **not** deduct carrying charges incurred for earning the non-business rental income. These amounts are included in box 59.

Box 26-1 – Foreign rental income that is exempt from Canadian tax due to a tax convention or agreement

All partners – Enter any part of foreign rental income that is exempt from Canadian tax due to a tax convention or agreement. Complete a generic box to identify each foreign country. For information on the generic box number, see the section called “Income from foreign countries” on page 29.

The partner needs this information to complete Form T2209.

Box 50 – Interest from Canadian sources

All partners – Allocate the partner’s share of interest income from Canadian sources that the partnership received, or is considered to have received.

Do **not** deduct carrying charges incurred for earning the interest income. These amounts are included in box 59.

Do **not** include interest income from a business activity that you already included in box 35, 41, or 43.

The partnership may be able to deduct interest paid to a partner on a loan from that partner. The interest the partnership paid is the partner’s interest income. Report the partner’s interest income on a T5 information slip, not on a T5013 or T5013A information slip.

Box 51 – Actual amount of dividends (other than eligible dividends)

All partners – Allocate the partner’s share of the **actual** amount of dividends that the partnership received, or is considered to have received, from taxable Canadian corporations.

Do **not** deduct carrying charges incurred for earning the dividend income. These amounts are included in box 59.

Box 51-1 – Taxable amount of dividends (other than eligible dividends)

Partners who are individuals resident in Canada (other than a trust that is a registered charity), **partnerships, and trusts** – Enter 25% more than the amount reported in box 51.

Partners who are corporations – Do **not** enter an amount in box 51-1 if the partner is a corporation.

Box 51-2 – Dividend tax credit for dividends other than eligible dividends

Partners who are individuals resident in Canada (other than a trust that is a registered charity), **partnerships, and trusts** – The amount you enter in box 51-2 is 13.3333% of the taxable amount entered in box 51-1.

Partners who are corporations – Do **not** enter an amount in box 51-2 if the partner is a corporation.

Pending legislation – From tax changes announced in the Federal Budget on May 2, 2006

Box 52 – Actual amount of eligible dividends

All partners – Allocate the partner’s share of the **actual** amount of eligible dividends that the partnership received, or is considered to have received, from taxable Canadian corporations.

Do **not** deduct carrying charges incurred for earning the dividend income. These amounts are included in box 59.

Box 52-1 – Taxable amount of eligible dividends

Partners who are individuals resident in Canada (other than a trust that is a registered charity), **partnerships, and trusts** – Enter 45% more than the amount reported in box 52.

Partners who are corporations – Do **not** enter an amount in box 52-1 if the partner is a corporation.

Box 52-2 – Dividend tax credit for eligible dividends

Partners who are individuals resident in Canada (other than a trust that is a registered charity), **partnerships, and trusts** – The amount you enter in box 52-2 is 18.9655% of the amount entered in box 52-1.

Partners who are corporations – Do **not** enter an amount in box 52-2 if the partner is a corporation.

Box 55 – Foreign dividend and interest income

All partners – Allocate the partner’s share of the combined dividend and interest income from sources outside Canada. Use a separate box for amounts from each country. Report all amounts in **Canadian** dollars. Complete a generic box to identify each foreign country. For information on the generic box number, see the section called “Income from foreign countries” on page 29.

Do **not** deduct any tax that the foreign country withheld from the foreign income. Report the amount of any foreign taxes withheld in box 81.

Do **not** deduct carrying charges incurred for earning the foreign dividend and interest income. These amounts are included in box 59.

Box 55-1 – Foreign investment income that is exempt from Canadian tax due to a tax convention or agreement

All partners – Enter any part of foreign investment income that is exempt from Canadian tax due to a tax convention or agreement. Complete a generic box to identify each foreign country. For information on the generic box number, see the section called “Income from foreign countries” on page 29. The partner needs this information to complete Form T2209.

Box 56 – Business investment loss

All partners – Allocate the partner’s share of the business investment loss. See page 23 for the definition of **business investment loss**.

If you entered an amount in box 56, use a generic box in the section for “Canadian and foreign net business income (loss)” to enter the amounts or other information requested by the related title into the following relevant boxes.

Tax shelters – If your partnership is a tax shelter with many business investment losses, complete one box only and enter “Tax shelter business investment loss” in generic Box 56-1.

Box 56-1, Name of the Small Business Corporation;

Box 56-2, Number and class of shares, or type of debt the Small Business Corporation disposed of;

Box 56-3, Insolvency, bankruptcy, or wind-up date;

Box 56-4, Date the partnership bought the shares or acquired the debt;

Box 56-5, Proceeds of disposition;

Box 56-6, Adjusted cost base of the shares or debt; and

Box 56-7, Outlays and expenses on the disposition.

The partners have to provide the information to us when they use the amount to calculate their allowable business investment loss deduction using “Chart 6 – How to claim an allowable business investment loss,” in our income tax guide T4037, *Capital Gains*.

Pending legislation – From tax changes announced in February 2004

Box 57 – Dividend rental arrangement compensation payments

All partners – Allocate the partner’s share of compensation payments that the partnership paid or received for earning dividend income from dividend rental arrangements. Use a generic box to show this information.

Box 58 – Other investment income

All partners – Allocate the partner’s share of other investment income from Canadian sources that the partnership received, or is considered to have received. Complete box 58-1 to identify the type of investment income. The partners need this information to complete Form T691, *Alternative Minimum Tax*.

Box 58-1 – Type of investment income

All partners – If you entered an amount in box 58, enter the type of investment income in box 58-1.

The partner needs this amount to calculate adjusted taxable income for calculating the alternative minimum tax on Form T691, and the additional tax for minimum tax purposes on the appropriate provincial and territorial tax and credit Form 428.

Box 59 – Carrying charges

All partners – Allocate the partner’s share of carrying charges that the partnership incurred for earning all investment income. This includes all amounts covered in paragraphs 20(1)(c) to (f). Report all amounts in **Canadian** dollars.

Use a separate box to report the carrying charges relating to each source of investment income.

The partner needs this amount to calculate adjusted taxable income for the purpose of calculating the alternative minimum tax on Form T691, *Alternative Minimum Tax*, and the additional tax for minimum tax purposes on the appropriate provincial and territorial tax and credit Form 428.

If carrying charges include Canadian and foreign sources, complete a generic box to identify each foreign country. For information on the generic box number, see the section called “Income from foreign countries” on page 29. The partner needs this information to calculate foreign tax credits, separately for each country.

Other amounts and information

Box 70 – Capital gains (losses)

All partners – Allocate the partner’s share of capital gains and losses, and capital gains dividends. Start with the total amount of the capital gain, not the taxable part.

Include all capital gains (or losses) from Canadian and foreign sources. Do **not** include a business investment loss (these amounts are included in box 56).

Do **not** deduct any allowable reserves for the period. Report the amount of any capital gains reserve that you allocated to the partner in box 71.

If you entered an amount in box 70, use a generic box to enter the amounts or other information requested by the related title of the following boxes for providing additional capital gains information:

Box 70-1 – Last year’s capital gains reserve allocated in the previous year and included in current year income

All partners – Allocate the partner’s share of any capital gains reserve for the fiscal period for qualified farm property to your child that you allocated in the previous year and brought into income for the current year.

Box 70-2 – Qualified small business corporation shares (QSBCS) capital gains amount eligible for the \$500,000 capital gains exemption

All partners – Enter the partner’s share of QSBCS capital gains amount eligible for the \$500,000 capital gains exemption.

Box 70-3 – QFP or qualified fishing property capital gains amount eligible for the \$500,000 capital gains exemption

All partners – Enter the partner’s share of QFP or qualified fishing property capital gains amount eligible for the \$500,000 capital gains exemption.

Box 70-4 – Capital gains (losses) from QFP or qualified fishing property mortgage foreclosures and conditional sales reposessions eligible for the capital gains deduction

All partners – Allocate the partner’s share of capital gains (losses) from QFP or qualified fishing property mortgage foreclosures and conditional sales reposessions eligible for the capital gains deduction.

Box 70-5 – Foreign capital gains (losses)

Enter the capital gains (losses) from a foreign source. If capital gains (or losses) are from one or more foreign countries, report the total amount of capital gain (or loss) from each foreign source using separate boxes for each source. The partners need this information to calculate the foreign tax credits on foreign business and non-business income. Report all amounts in **Canadian** dollars.

Do **not** deduct any foreign taxes withheld when you calculate the gain (or loss). Report the amount of any foreign taxes withheld in box 81.

Box 70-6 – Foreign capital gains exempt from Canadian tax due to a tax convention or agreement

Enter the foreign capital gain that is exempt from Canadian tax due to a tax convention or agreement. If there is more than one foreign source, use separate boxes for each source. The partners need this information to calculate the foreign tax credits on foreign business and non-business income.

Box 70-7 – Capital gains from gifts of mutual fund units and other shares the partnership donated to a qualified donee

All partners – Allocate the partner's share of capital gains from mutual fund units, deferral of eligible small business corporation shares, and other shares including publicly traded shares the partnership donated to a qualified donee (other than a private foundation) of a property described in paragraph 38(a.1). Use a separate generic box for each gift to allocate the partner's share of capital gains for that gift.

Complete boxes 70-8 and 70-9 for each gift, to show the "eligible amount" and the "advantage" for the partner.

Box 70-8 – Capital gains from gifts of mutual fund units and other shares – Eligible amount

Enter the eligible amount in respect of the capital gains from gifts of mutual fund units and other shares the partnership donated to a qualified donee.

Box 70-9 – Capital gains from gifts of mutual fund units and other shares – Advantage

Enter the amount of advantage in respect of the capital gains from gifts of mutual fund units and other shares the partnership donated to a qualified donee.

Box 70-10 – Capital gains from gifts of bonds, debentures, promissory notes, and other properties the partnership donated to a qualified donee

Enter the partner's share of capital gains from gifts of bonds, debentures, promissory notes, and other properties the partnership donated to a qualified donee (other than a private foundation). Use a separate generic box for each gift to allocate the partner's share of capital gains for that gift.

Complete boxes 70-11 and 70-12 for each gift, to identify the "eligible amount" and the "advantage" for the partner.

Box 70-11 – Capital gains from gifts of bonds, debentures, promissory notes, and other properties – Eligible amount

Enter the eligible amount in respect of the capital gains from gifts of bonds, debentures, promissory notes, and other properties the partnership donated to a qualified donee.

Box 70-12 – Capital gains from gifts of bonds, debentures, promissory notes, and other properties – Advantage

Enter the amount of advantage in respect of the capital gains from gifts of bonds, debentures, promissory notes, and other properties the partnership donated to a qualified donee.

Box 70-13 – Capital gains from gifts of ecologically sensitive land the partnership donated to a qualified donee

Enter the partner's share of capital gains from ecologically sensitive land the partnership donated. Use a separate

generic box for each gift to allocate the partner's share of capital gains for that gift.

Complete boxes 70-14 and 70-15 for each gift, to show the "eligible amount" and the "advantage" for the partner.

Box 70-14 – Capital gains from gifts of ecologically sensitive land – Eligible amount

Enter the eligible amount in respect of the capital gains from gifts of ecologically sensitive land the partnership donated to a qualified donee.

Box 70-15 – Capital gains from gifts of ecologically sensitive land – Advantage

Enter the amount of advantage in respect of the capital gains from gifts of ecologically sensitive land the partnership donated to a qualified donee.

Box 70-16 – Capital gains (losses) from a subsection 14(1.01) or proposed subsection 14(1.02) election

All partners – Allocate the partner's share of a capital gain resulting from a partnership election (using Schedule 10) under subsection 14(1.01) or proposed subsection (1.02) to recognize a capital gain in the year as if the property were an ordinary non-depreciable capital property.

Box 70-17 – Farming and fishing income eligible for the capital gains deduction from the disposition of eligible capital property that is QFP or qualified fishing property

All partners – Enter the partner's share of farming or fishing income eligible for the capital gains deduction from the disposition of eligible capital property that is QFP or qualified fishing property. The partnership has such income when it has a negative balance on line 7 in Section A of Schedule 10, that is business income (other than the recapture of annual allowances deducted in previous years). Under subsection 14(1.1), we consider a part of the business income from the disposition of eligible capital property that is QFP or qualified fishing property to be a taxable capital gain for claiming the capital gains deduction. Calculate this amount in Section C of Schedule 10.

Box 70-18 – Capital gains inclusion adjustment

All partners – Enter the capital gains inclusion adjustment in respect of the capital gains from gifts the partnership donated to a qualified donee.

The partners need this information to complete T1 Schedule 3, line 193 because they do not report any of the above capital gains information on Form T1170.

Box 71 – Capital gains reserves

All partners – Allocate the partner's share of any capital gains reserve for the fiscal period.

Box 71-1 – Capital gains reserve from qualified farm property or qualified fishing property transferred to your child

All partners – Allocate the partner's share of any capital gains reserve for the fiscal period for QFP or qualified fishing property to your child.

Box 71-2 – Capital gains reserve from qualified small business corporation shares transferred to your child

All partners – Allocate the partner's share of any capital gains reserve for the fiscal period for qualified small business corporation shares to your child.

Box 71-3 – Capital gains reserve from family farm property other than QFP, or family fishing property other than qualified fishing property, transferred to your child, or shares of capital stock of a small business corporation other than QFP, qualified fishing property, and QSBCS transferred to your child)

All partners – Allocate the partner's share of any capital gains reserve for the fiscal period for family farm property other than QFP or qualified fishing property to your child, or shares of capital stock of a small business corporation other than QFP, qualified fishing property, and QSBCS to your child.

Box 71-4 – Capital gains reserve from other property

All partners – Allocate the partner's share of any capital gains reserve for the fiscal period for other property.

Box 71-5 – Capital gains reserve from capital property disposed of before November 13, 1981

All partners – Allocate the partner's share of any capital gains reserve for the fiscal period for capital property disposed of before November 13, 1981.

Box 71-6 – Capital gains reserve from non-qualifying securities the partnership donated to a qualified donee

If all or part of the capital gains are from making a donation to a qualified donee of a non-qualifying security, other than an excepted gift (described in subsection 118.1(18)), the partnership may qualify to claim a reserve as described in subsection 40(1.01).

For gifts of non-qualifying securities made after December 20, 2002, the reserve you can claim **cannot** be greater than the eligible amount of the gift.

For taxation years ending before the end of the 60-month period following the donation of the non-qualifying security, the partnership must bring into income the preceding year's capital gains reserve, if it claimed a reserve. During this period, if the donee still holds the property, the partnership can claim a current year's capital gains reserve for the donated non-qualifying security.

If the donee disposes of the gift before the end of the 60-month period following its donation, the partners may qualify to claim the donation. For more information, see the section called "Box 103 – Eligible amount of charitable donations and government gifts" on page 43.

All partners – Allocate the partner's share of any capital gains reserve for the fiscal period for non-qualifying securities the partnership donated to a qualified donee. Complete boxes 71-7 and 71-8 to indicate the eligible amount and advantage in respect of the reserve.

Box 71-7 – Capital gains reserve from gifts of non-qualifying securities – Eligible amount

Enter the eligible amount of the gifts of non-qualifying securities (other than excepted gifts) the partnership

donated to a qualified donee in respect of which the capital gains were realized and a reserve is available.

Box 71-8 – Capital gains reserve from gifts of non-qualifying securities – Advantage

Enter the amount of advantage of the gifts of non-qualifying securities (other than excepted gifts) the partnership donated to a qualified donee in respect of which the capital gains were realized and a reserve is available.

Box 80 – Income tax deducted

All partners – Allocate the partner's share of **income tax withheld at source from amounts paid or credited** to the partnership in the fiscal period.

Example

If the partnership operates a farming business, tax may have been withheld at source from patronage dividends. In this case, the partnership should have received a T4A slip, *Statement of Pension, Retirement, Annuity, and Other Income* on which box 22 shows the amount of income tax withheld.

If the partnership operates a fishing business, tax may have been withheld from fish or marine deliveries. In this case, if the fisher's designated employer issues a T4 slip, *Statement of Remuneration Paid*, to the partnership, box 22 shows the amount of income tax withheld.

Do **not** include "tax the partner may have paid by instalments" in this box.

Note

The partnership **cannot** withhold tax from a partner's share of income, a partner's drawings from the partnership, or salaries or wages paid to the partner as allocations of partnership income. Further, the partnership is **not** responsible for deducting and remitting income tax instalment payments on amounts allocated to the partners.

However, on an individual basis, each partner may have to make instalment payments of income tax due on partnership income using Form INNS3, *Instalment Remittance Form*. For more information, partners can get our pamphlet P110, *Paying Your Income Tax by Instalments* or our income tax guide T7B-CORP, *Corporation Instalment Guide*.

Box 81 – Foreign tax paid on non-business income

All partners – Enter the partner's share of foreign taxes that the partnership paid on non-business income. Report all amounts in **Canadian** dollars.

Use a separate generic box to report the foreign income tax that the partnership paid or that was withheld from non-business income for each foreign country. For information on the generic box number, see the section called "Income from foreign countries" on page 29.

For more information about non-business income tax, see Interpretation Bulletin IT-270, *Foreign Tax Credit*.

Box 82 – Foreign tax paid on business income

All partners – Enter the partner's share of foreign taxes that the partnership paid on business income. Report all amounts in **Canadian** dollars.

Use a separate generic box to report the foreign income tax that the partnership paid or that was withheld on business income for each foreign country. For information on the generic box number, see the section called "Income from foreign countries" on page 29.

For more information about business income tax, see Interpretation Bulletin IT-270, *Foreign Tax Credit*.

Box 85 – Capital cost allowance

All partners – Enter the partner's share of the capital cost allowance you included to calculate the net income (or loss) you reported in boxes 35, 37, 39, 41, 43, 30, and 26. Do not include terminal losses in this amount.

The partner needs this amount to calculate adjusted taxable income for the purpose of calculating federal alternative minimum tax on Form T691, *Alternative Minimum Tax*, and the additional tax for minimum tax purposes on the appropriate provincial and territorial tax and credit Form 428.

Box 85-1 – Capital cost allowance class for rental or leasing property

If you entered a related amount in box 85, enter the rental or leasing property class.

Boxes 90 to 93

Do **not** include in boxes 90 and 91 any renounced resource expenses entered in boxes 120 to 123 on a T5013A information slip.

General partners – Allocate, in the appropriate box, the partner's **full** share of Canadian exploration expenses (CEE), Canadian development expenses (CDE), Canadian oil and gas property expenses (COGPE), and foreign exploration and development expenses (FEDE) that the partnership incurred.

The partners will calculate the allowable deductions for the current year based on their own cumulative CEE, CDE, COGPE, and FEDE pools.

Limited partnerships – You have to restrict a limited partner's share of resource expenses to the partner's **adjusted at-risk amount**. The **adjusted at-risk amount** is the at-risk amount reduced by the limited partner's share of any investment tax credit and any farming losses. However, the entitlement to any assistance which results in a reduction in a limited partner's cumulative CEE, CDE, or COGPE pools does not reduce a limited partner's at-risk amount. We define the **at-risk amount** on page 16, and give an example on page 17 to show you how to calculate the amount for box 90.

The limited partner's share of the resource expenses that are **greater** than the adjusted at-risk amount reduces the limited partner's share of resource expenses in the following order:

1. Canadian oil and gas property expenses (COGPE);
2. Canadian development expenses (CDE);

3. Canadian exploration expenses (CEE); and
4. foreign exploration and development expenses (FEDE).

Note

If there are excess resource expenses that you cannot allocate to the limited partner in the current year, you can add the excess to that class of expenses that the partnership incurs in the next fiscal period. Therefore, you can carry forward the limited partner's excess indefinitely, and allocate it when the limited partner can deduct it.

Box 90, Canadian exploration expenses (CEE);

Box 91, Canadian development expenses (CDE);

Box 92, Canadian oil and gas property expenses (COGPE); and

Box 93, Foreign exploration and development expenses (FEDE).

If you allocate an amount in box 93, complete a generic box for each foreign country. For information on the generic box number, see the section called "Income from foreign countries" on page 29. The partners need this information to calculate the cumulative FEDE pool separately for each country.

Box 94 – Recapture of earned depletion

Enter the partner's share of the earned depletion recapture that you included in arriving at the net income (or loss) reported in box 35.

Box 95 – Amount eligible for a resource allowance deduction

Enter the partner's share of adjusted resource profits you included in arriving at the net income (or loss) reported in box 35. The amount of adjusted resource profits may be positive or negative.

For taxation years that end after 2002 and begin before 2007, the amount eligible for resource allowance deduction is reduced. The revised percentages are:

- 100% before January 1, 2003;
- 90% for 2003;
- 75% for 2004;
- 65% for 2005; and
- 35% for 2006.
- After 2006, this deduction is not available.

Note

Generally, if this amount is positive, the partners may be able to claim a resource allowance deduction on part of it. If the amount is negative, there will be a prescribed resource loss, part of which the partner has to include in income.

For taxation years that end after 2002 and begin before 2007, the percentage the partners must include is reduced. The revised percentages are 25% for taxation years that are before 2003, 22.5 % for 2003, 18.75% for 2004, 16.25% for 2005, and 8.75% for 2006. After 2006, no inclusion is required.

Do **not** include in box 95 any renounced resource expenses entered in boxes 120 and 121 on a T5013A information slip.

Boxes 96 to 98

Do **not** include in boxes 96 to 98 any assistance entitlement from “renounced resource expense assistance” entered in boxes 124 and 125 on a T5013A information slip.

General partners – Allocate, in the appropriate box, the partner’s full share of assistance for CEE, assistance for CDE, and assistance for COGPE that the partnership received.

The partners will use these amounts when they calculate the allowable deductions for the current year based on their own cumulative CEE, CDE, and COGPE pools.

Limited partnerships – You have to restrict a limited partner’s share of resource expenses to the limited partner’s **adjusted** at-risk amount. For more information about the adjusted at-risk amount, see the section called “Boxes 90 to 93” on page 42.

Box 96, Assistance for Canadian exploration expenses;

Box 97, Assistance for Canadian development expenses; and

Box 98, Assistance for Canadian oil and gas property expenses.

Box 103 – Eligible amount of charitable donations and government gifts

All partners – Allocate the partner’s share of the eligible amount of the gifts.

See the section called “Charitable donations and government gifts” on page 27.

If you allocated an amount in box 103, enter into the following relevant boxes the amounts or other information requested by the related title.

Note

Use the lines at the bottom of the information slip for boxes 103-2 to 103-5 which request information that is not an amount.

Tax shelter that is a gifting arrangement – If your partnership is a tax shelter that is a gifting arrangement, complete one box only and enter “Tax shelter gifting arrangement” in generic Box 103-1.

Box 103-1, Value of the gift – If cash, enter the amount; if property, enter the fair market value of the property when the partnership gave the gift;

Box 103-2, Name of the gift’s recipient;

Box 103-3, Date the recipient received the gift;

Box 103-4, Description of the gifted property – Enter the description if it is a gift of property other than cash; and

Box 103-5, Donor’s name that the recipient recorded on the receipt.

Keep the official receipts for charitable donations and government gifts with the partnership’s records. For more information, see the section called “Official receipts” on page 13.

Box 104 – Eligible amount of cultural and ecological gifts

All partners – Allocate the partner’s share of the eligible amount of all cultural and ecological gifts. See the section called “Cultural and ecological gifts” on page 27.

If you allocate gifts of cultural property, attach Form T871, *Cultural Property Income Tax Certificate*, to the T5013 Summary.

If you allocate gifts of ecologically-sensitive land, attach the certificate issued by the federal minister of the environment.

For more information, see Interpretation Bulletin IT-407-CONSOLID, *Dispositions of Cultural Property to Designated Canadian Institutions*.

If you allocated an amount in box 104, enter the amounts or other information requested by the related title into the following relevant boxes.

Note

Use the lines at the bottom of the information slip for boxes 104-2 to 104-5 which request information that is not an amount.

Tax shelter that is a gifting arrangement – If your partnership is a tax shelter that is a gifting arrangement, complete one box only and enter “Tax shelter gifting arrangement” in generic Box 104-1.

Box 104-1, Value of the gift – Enter the fair market value of the property when the partnership gave the gift;

Box 104-2, Name of the gift’s recipient;

Box 104-3, Date the recipient received the gift;

Box 104-4, Description of the gifted property; and

Box 104-5, Donor’s name that the recipient recorded on the receipt.

Box 105 – Eligible amount of federal political contributions

All partners – Allocate the partner’s share of the eligible amount of monetary contributions to a registered federal political party, a provincial or territorial division of a registered federal party, a registered association, or a candidate as those terms are defined in the *Canada Elections Act*. See the section called “Political contributions” on page 27.

If you allocated an amount in box 105, enter the amounts or other information requested by the related title into the following relevant boxes.

Note

Use the lines at the bottom of the information slip for boxes 105-1 to 105-5 which request information that is not an amount.

Tax shelter that is a gifting arrangement – If your partnership is a tax shelter that is a gifting arrangement, complete one box only and enter “Tax shelter gifting arrangement” in generic Box 105-1.

Box 105-1, Name of the registered party, or of the provincial or territorial division of the registered party;

Box 105-2, Name of the registered constituency association;

Box 105-3, Name of the candidate;

Box 105-4, Date the recipient received the contribution; and

Box 105-5, Donor's name that the recipient recorded on the receipt.

Box 106 – Eligible amount of provincial and territorial political contributions

All partners – Allocate the partner's share of contributions to a registered provincial or territorial political party, or to a candidate in a provincial or territorial election.

Some provinces and territories also allow contributions to a registered constituency association. Contact the provincial or territorial authorities for more information.

If you allocated an amount in box 106, complete a generic box to identify each province or territory, whichever applies. For information on the generic box number, see the section called "Income from multiple provinces or territories" on page 29. If the partnership has income (or losses) in more than one province or territory from business operations with a permanent establishment in such provinces or territories, enter into the relevant boxes the additional information requested by the related title. The partners may be entitled to claim political contributions for those provinces or territories.

Note

Use the lines at the bottom of the information slip for boxes 106-1 to 106-5 which request information that is not an amount.

Tax shelter that is a gifting arrangement – If your partnership is a tax shelter that is a gifting arrangement, complete one box only for each jurisdiction, and enter "Tax shelter gifting arrangement" in generic Box 106-1.

Box 106-1, Name of the provincial or territorial registered party;

Box 106-2, Name of the registered constituency association;

Box 106-3, Name of the candidate;

Box 106-4, Date the recipient received the contribution; and

Box 106-5, Donor's name that the recipient recorded on the receipt.

Box 107 – Investment tax credit

Complete generic boxes for each type of property or expenditure eligible for the ITC to advise the partners of any investment tax credits (ITC) the partner is entitled to. Enter:

- "107" in the first part of the number box;
- the appropriate code for the type of property or expenditure in the second part of the number box; and
- the partner's share of the investment amount for the type of property or expenditure eligible for the ITC in the amount box.

Note

The code that you have to enter in the second part of the number box may be different for members of the partnership who are individuals and for members that are corporations. You can get the codes for individuals from Form T2038(IND), *Investment Tax*

Credit (Individuals), and for corporations from Form T2 SCH 31, *Investment Tax Credit – Corporations*.

Do **not** include any ITC for qualified Canadian exploration expenditures. We consider that partners earn ITC for those expenditures, and they do not flow through the partnership to any partner. A qualified Canadian exploration expenditure does not include expenditures incurred after 1990.

Note

You cannot allocate to **specified members** the ITC earned on qualified scientific research and experimental development (SR&ED) expenditures.

Your partnership may have claimed ITC on materials that were consumed, or on equipment used, with the intent of performing SR&ED in Canada. In some cases, you may have to recapture some or all of the ITC. For more information, see the section called "Investment tax credit recapture" on page 24.

Limited partner – The partnership can allocate to a limited partner the part of the ITC you can attribute to the limited partner (other than ITC on SR&ED expenditures) that is equal to or less than whichever is **less**:

- the limited partner's at-risk amount in the partnership at the end of the partnership's fiscal period; or
- the limited partner's expenditure base as calculated under subsection 127(8.2).

Generally, the ITC you cannot allocate to a limited partner can be transferred, under subsection 127(8.3), to any partners who are not limited partners. You have to base the amounts transferred on the respective partnership interest of each such partner, including debts of the partnership. However, you cannot transfer to any other partners the ITC that was earned on qualified SR&ED expenditures and that would otherwise be transferred to specified members.

Specified member – You **can** allocate ITC that the partnership earned according to each specified member's share of ITC at the end of the partnership's fiscal period. However, you **cannot** allocate ITC earned on qualified SR&ED expenditures to specified members, nor can you transfer those unallocated ITC amounts to any other partner.

The ITC (other than ITC earned on qualified SR&ED expenditures) that you could not allocate to a specified member can be transferred under subsection 127(8.3) to any partners that are not limited partners. You have to base the amounts transferred on the respective partnership interest of each such partner, including debts of the partnership.

See page 20 for the definition of **specified member**.

General partners – You can allocate ITC that the partnership earned according to each partner's share of ITC at the end of the partnership's fiscal period. You have to base the amounts allocated under subsection 127(8), or transferred under subsection 127(8.3), on the respective partnership interest of each such partner, including debts of the partnership.

Election – A partner (other than a limited partner) can choose to renounce the ITC that the partnership transferred under subsection 127(8.3) for the fiscal period. If a partner

makes this choice, that partner has to complete Form T932, *Election by a Member of a Partnership to Renounce Investment Tax Credits Pursuant to Subsection 127(8.4)*.

If you allocated an amount in box 107, enter the amounts or other information requested by the related title into the following relevant boxes.

Note

Use the lines at the bottom of the information slip for boxes 107-2 and 107-3 which request information that is not an amount.

Box 107-1, Investment tax credit transferred under subsection 127(8.3)

Partners that are not limited partners –Complete generic boxes to advise the partners of any share of excess ITC remaining after the partnership has allocated ITC to the limited partners, and that the partnership can allocate under subsection 127(8.3) to other partners.

Box 108 – Excess ITC recapture

Enter the amount of excess ITC recapture that the partner has to include in Part I tax. For more information, see the section called “Investment tax credit recapture” on page 24.

Sample of the T5013 information slip

Canada Revenue Agency Agence du revenu du Canada		STATEMENT OF PARTNERSHIP INCOME ÉTAT DES REVENUS D'UNE SOCIÉTÉ DE PERSONNES		T5013
Identification				
01 Fiscal period end / Exercice se terminant le <div style="border: 1px solid black; width: 100px; height: 20px; margin: 5px;"></div> <div style="display: flex; justify-content: space-between; font-size: 8px;"> Y - A M </div>	02 Partnership's filer identification number <div style="border: 1px solid black; width: 100px; height: 20px; margin: 5px;"></div> Numéro d'identification de la société de personnes	03 Tax shelter identification number <div style="border: 1px solid black; width: 100px; height: 20px; margin: 5px; text-align: center; font-weight: bold; font-size: 1.2em;">T S</div> Numéro d'inscription de l'abri fiscal	04 Is this a publicly traded partnership? S'agit-il d'une société de personnes cotée à la bourse? <div style="float: right; text-align: right;"> <input type="checkbox"/> </div>	05 Type of slip Genre de feuillet <div style="float: right; text-align: right;"> <input type="checkbox"/> </div>
06 Partnership code <div style="border: 1px solid black; width: 40px; height: 20px; margin: 5px;"></div> Code du genre de société de personnes	07 Country code <div style="border: 1px solid black; width: 40px; height: 20px; margin: 5px;"></div> Code du pays	08 Member code <div style="border: 1px solid black; width: 40px; height: 20px; margin: 5px;"></div> Code de l'associé	09 Number of partnership units held <div style="border: 1px solid black; width: 100px; height: 20px; margin: 5px;"></div> Nombre d'unités détenues de la société de personnes	10 Partner's share (%) of partnership income (loss) <div style="border: 1px solid black; width: 100px; height: 20px; margin: 5px;"></div> Part (%) de l'associé dans les revenus (pertes) de la société de personnes
Partner's name and address – Nom et adresse de l'associé <div style="border: 1px solid black; width: 100%; height: 80px;"></div>			11 Recipient's identification number - Numéro d'identification du bénéficiaire <div style="border: 1px solid black; width: 100px; height: 20px; margin: 5px;"></div>	
12 Complex sharing arrangements - Part des revenus ne pouvant pas être exprimée <div style="border: 1px solid black; width: 100%; height: 80px;"></div>				

If your partnership is a tax shelter, you should receive a T5013A information slip. – Si la société de personnes est un abri fiscal, vous devriez recevoir le feuillet de renseignements T5013A.

Limited partnership net income (loss) – Revenu net (perte nette) du commanditaire							
20 Limited partnership farming income (loss) Revenu (perte) d'agriculture du commanditaire	20-1 Agricultural income stabilization (CAIS) Stabilisation du revenu agricole (PCSRA)	21 Limited partnership fishing income (loss) Revenu (perte) de pêche du commanditaire	22 Limited partnership business income (loss) Revenu (perte) d'entreprise du commanditaire	22-1 Limited partner's at-risk amount Fraction à risques de la participation du commanditaire	22-2 Limited partner's adjusted at-risk amount Fraction à risques rajustée de la participation du commanditaire	23 Limited partnership rental income (loss) Revenu (perte) de location du commanditaire	
24 Limited partnership loss available for carryforward Perte comme commanditaire disponible à reporter	25 Previous loss carryforward eligible in the current year Pertes d'années antérieures admissibles pour l'année courante	27 Return of capital Remboursement de capital	Box / Case Amount / Details Montant / Détails	Box / Case Amount / Details Montant / Détails	Box / Case Amount / Details Montant / Détails	Box / Case Amount / Details Montant / Détails	Box / Case Amount / Details Montant / Détails
Canadian and foreign net business income (loss) – Revenu net (perte nette) d'entreprise canadien et étranger							
35 Business income (loss) Revenu (perte) d'entreprise	37 Professional income (loss) Revenu (perte) de profession libérale	41 Farming income (loss) Revenu (perte) d'agriculture	43 Fishing income (loss) Revenu (perte) de pêche	30 Other income Autre revenu	34 Partnership's total gross income Revenu brut total de la société de personnes		
Canadian and foreign investments and carrying charges – Investissements canadiens et étrangers et frais financiers							
26 Canadian and foreign net rental income (loss) Revenu net (perte nette) de location canadien et étranger	51 Actual amount of dividends (other than eligible dividends) Montant réel des dividendes (autres que des dividendes déterminés)	51-1 Taxable amount of dividends (other than eligible dividends) Montant imposable des dividendes (autres que des dividendes déterminés)	51-2 Dividend tax credit for dividends other than eligible dividends Crédit d'impôt pour dividendes autres que des dividendes déterminés	52 Actual amount of eligible dividends Montant réel des dividendes déterminés	52-1 Taxable amount of eligible dividends Montant imposable des dividendes déterminés	52-2 Dividend tax credit for eligible dividends Crédit d'impôt pour dividendes déterminés	
50 Interest from Canadian sources Intérêts de source canadienne	55 Foreign dividend and interest income Revenu étranger en dividendes et en intérêts	56 Business investment loss Perte au titre d'un placement d'entreprise	59 Carrying charges Frais financiers	Box / Case Amount / Details Montant / Détails	Box / Case Amount / Details Montant / Détails	Box / Case Amount / Details Montant / Détails	
Other amounts and information – Montants et renseignements additionnels							
70 Capital gains (losses) Gains (pertes) en capital	71 Capital gains reserves Provision relative aux gains en capital	85 Capital cost allowance Déduction pour amortissement	Box / Case Amount / Details Montant / Détails	Box / Case Amount / Details Montant / Détails	Box / Case Amount / Details Montant / Détails	Box / Case Amount / Details Montant / Détails	
Box / Case	Box / Case	Box / Case	Box / Case	Box / Case	Box / Case	Box / Case	
Amount / Details	Amount / Details	Amount / Details	Amount / Details	Amount / Details	Amount / Details	Amount / Details	
Box / Case	Box / Case	Box / Case	Box / Case	Box / Case	Box / Case	Box / Case	
Amount / Details	Amount / Details	Amount / Details	Amount / Details	Amount / Details	Amount / Details	Amount / Details	
Box / Case	Box / Case	Box / Case	Box / Case	Box / Case	Box / Case	Box / Case	
Amount / Details	Amount / Details	Amount / Details	Amount / Details	Amount / Details	Amount / Details	Amount / Details	
Box / Case	Box / Case	Box / Case	Box / Case	Box / Case	Box / Case	Box / Case	
Amount / Details	Amount / Details	Amount / Details	Amount / Details	Amount / Details	Amount / Details	Amount / Details	

Chapter 10 – T5013A slip, *Statement of Partnership Income for Tax Shelters and Renounced Resource Expenses*

Before completing the T5013A information slips, read the section called “General information about how to complete the partnership forms and schedules” on page 29 for important information about how to complete the amount boxes.

If you are preparing an amended T5013A information slip, also see the sections called “How to correct your T5013 *Partnership Information Return*” and “Changes to the T5013 and T5013A information slips” on page 10.

How to complete the T5013A information slip

This chapter provides instructions for the tax shelter information, and the allocation of renounced Canadian exploration and development expenses boxes that are specific **only** to the T5013A information slip.

Note

Follow the instructions in “Chapter 9 – T5013 slip, *Statement of Partnership Income*” for the identification, and income and loss categories that apply to both the T5013A and T5013 information slips.

Renounced Canadian exploration and development expenses

General

Complete this section if the partnership invested in flow-through shares of a principal-business corporation. If the corporation allocated renounced resource expenses, amended amounts previously renounced, amounts for assistance, or expenses qualifying for an investment tax credit (ITC), it will issue information slip T101, *Statement of Resource Expenses*. Use the information from the T101 information slip to complete Section A of Form T5013 SCH 52, *Summary Information for Partnerships That Allocated Renounced Resource Expenses to Their Members*. The amounts in the total boxes in Section A on Schedule 52 are the amounts you have to allocate to the partners.

A limited partner’s share of resource expenses is restricted to the partner’s adjusted at-risk amount. For more information about the adjusted at-risk amount, see the section called “Boxes 90 to 93” on page 42. For information on calculating the at-risk amount, see the section called “At-risk amount” starting on page 16.

Partners will calculate the allowable deductions for the current year based on their own cumulative Canadian exploration expenses (CEE) and Canadian development expenses (CDE) pools.

Boxes 120 and 121 – Renounced resource expenses
Box 120, Renounced Canadian exploration expenses; and

Box 121, Renounced Canadian development expenses.

For the total amounts on lines 120 and 121 in Section A of Schedule 52, allocate as follows:

General partners – Allocate, in the appropriate box, the partner’s **full** share of renounced CEE and renounced CDE that the partnership allocated to its members.

Limited partnerships – You have to restrict a limited partner’s share of renounced resource expenses to the limited partner’s **adjusted** at-risk amount. For more information about the adjusted at-risk amount, see the section called “Boxes 90 to 93” on page 42.

Boxes 124 and 125 – Assistance

Box 124, Assistance for Canadian exploration expenses; and

Box 125, Assistance for Canadian development expenses.

For the total amounts on lines 124 and 125 in Section A of Schedule 52, allocate in the appropriate box, the partner’s **full** share of any assistance for CEE previously renounced, and CDE previously renounced, that the partnership allocated to its members.

Box 130 – Portion subject to an interest-free period – CEE

For the total amount on line 130 in Section A of Schedule 52, allocate the partner’s **full** share of the reduction available for the interest-free period that the partnership allocated to its members. This is the amount to which an individual is entitled due to an adjustment to an amount affected by the look-back rule.

Box 128 – Expenses qualifying for ITC

Complete this box only if the partner, including an end member, is an individual other than a trust. Those partners need these amounts to complete Form T2038(IND), *Investment Tax Credit (Individuals)*, or Form T2SCH31, *Investment Tax Credit – Corporations*, whichever applies.

For the total amount on line 128 in Section A of Schedule 52, allocate the partner’s **full** share of any Canadian exploration expenses (surface exploration in the mining sector only) that qualify for ITC that the partnership allocated to its members.

Boxes 129 – Portion subject to an interest-free period – ITC

For the total amount on line 129 in Section A of Schedule 52, allocate the partner’s **full** share of the reduction available for the interest-free period that the partnership allocated to its members. This is the amount an individual is entitled to due to an adjustment to an amount affected by the look-back rule.

Boxes 141 to 145 – Expenses qualifying for provincial tax credits

Box 141 (BC), Expenses qualifying for a provincial tax credit – BC;

Box 143 (SK), Expenses qualifying for a provincial tax credit – SK;

Box 144 (MB), Expenses qualifying for a provincial tax credit – MB; and

Box 145 (ON), Expenses qualifying for a provincial tax credit – ON.

For the total amounts on lines 141 to 145 in Section A of Schedule 52, allocate in the appropriate box, the partner's full share of any Canadian exploration expenses (mining only) that qualify for a provincial tax credit that the partnership allocated to its members.

Partners, including end members, who are individuals (excluding trusts) need these amounts to claim the provincial tax credit. To claim the tax credit, some provinces require that the individual be a resident at the end of the calendar year in that province where the expenses qualify for that credit.

Note

Some provinces require the partnership to provide the partners with the appropriate provincial tax credit form to claim these credits. See the relevant legislation and regulations for the provinces.

Tax shelter information

General

Complete this section if the tax shelter sold units to the partner in the year. The partners use this information when they claim any tax shelter losses or deductions reported on this information slip.

Box 150 – Number of units acquired

Enter the number of units in the tax shelter the investor **acquired in the year**. Do **not** include units previously reported in a prior filing.

Box 151 – Cost per unit

Enter the acquisition cost of each unit in the tax shelter the investor acquired in the year. Do **not** include units acquired in previous years.

Box 152 – Total cost of units

Enter the total cost of the units (multiply the amount in box 150 by the amount in box 151).

Box 153 – Limited-recourse amounts

Enter the unpaid principal amount of any indebtedness for which recourse is limited. This amount includes the indebtedness of the investor and of all the others with whom the investor does not deal at arm's length if we consider that the amounts are reasonably related to the tax shelter. It also includes the deemed limited recourse amount provided for in subsection 143.2(8).

Box 154 – At-risk adjustment

The at-risk adjustment is defined in subsection 143.2(2). Enter the amount or benefit to which the investor (or any person with whom the investor does not deal at arm's length) is entitled to, that reduces any loss that the investor may have from the holding or disposing of the tax shelter before applying other paragraphs in section 143.2.

Box 155 – Other indirect reductions

Enter the amount of any indirect reduction of the expenditure under subparagraph 143.2(6)(b)(iii).

Sample of the T5013A information slip

Canada Revenue Agency / Agence du revenu du Canada STATEMENT OF PARTNERSHIP INCOME FOR TAX SHELTERS AND RENOUNCED RESOURCE EXPENSES T5013A ÉTAT DES REVENUS D'UNE SOCIÉTÉ DE PERSONNES POUR LES ABRIS FISCAUX ET LES FRAIS DE RESSOURCES AYANT FAIT L'OBJET D'UNE RENONCIATION

Identification

01 Fiscal period end / Exercice se terminant le Y - A M	02 Partnership's filer identification number Numéro d'identification de la société de personnes	03 Tax shelter identification number T S Numéro d'inscription de l'abri fiscal	04 Is this a publicly traded partnership? S'agit-il d'une société de personnes cotée à la bourse?	05 Type of slip Genre de feuillet
06 Partnership code Code du genre de société de personnes	07 Country code Code du pays	08 Member code Code de l'associé	09 Number of partnership units held Nombre d'unités détenues de la société de personnes	10 Partner's share (%) of partnership income (loss) Part (%) de l'associé dans les revenus (pertes) de la société de personnes

Partner's name and address – Nom et adresse de l'associé

Partner's name and address – Nom et adresse de l'associé

11 Recipient's identification number - Numéro d'identification du bénéficiaire

11 Recipient's identification number - Numéro d'identification du bénéficiaire

12 Complex sharing arrangements - Part des revenus ne pouvant pas être exprimée

Partnership's name and address – Raison sociale et adresse de la société de personnes

Partnership's name and address – Raison sociale et adresse de la société de personnes

Renounced Canadian exploration and development expenses – Frais d'exploration et d'aménagement au Canada ayant fait l'objet d'une renonciation

120 Renounced Canadian exploration expenses Frais renoncés d'exploration au Canada	121 Renounced Canadian development expenses Frais renoncés d'aménagement au Canada	124 Assistance for Canadian exploration expenses Montant d'aide pour frais d'exploration au Canada	125 Assistance for Canadian development expenses Montant d'aide pour frais d'aménagement au Canada	130 Portion subject to an interest-free period – CEE Partie donnant lieu à une période sans intérêt – FEC	128 Expenses qualifying for an ITC Frais admissibles aux fins du CII	129 Portion subject to an interest-free period – ITC Partie donnant lieu à une période sans intérêt – CII
119 Adjusted at-risk amount Fraction à risques rajustée	Box / Case 141 BC Amount / Détails Montant / Détails	Box / Case 143 SK Amount / Détails Montant / Détails	Box / Case 144 MB Amount / Détails Montant / Détails	Box / Case 145 ON Amount / Détails Montant / Détails	Box / Case Amount / Détails Montant / Détails	Box / Case Amount / Détails Montant / Détails

Tax shelter information – Renseignements sur l'abri fiscal

150 Number of units acquired Nombre d'unités acquises	151 Cost per unit Coût par unité	152 Total cost of units Coût total des unités	153 Limited-recourse amounts Montant à recours limité	154 At-risk adjustment Montant de rajustement à risque	155 Other indirect reductions Autres réductions indirectes	Box / Case Amount / Détails Montant / Détails
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Income Tax Act paragraph 237.1(5)(c) – "The identification number issued for this tax shelter shall be included in any income tax return filed by the investor. Issuance of the identification number is for administrative purposes only and does not in any way confirm the entitlement of an investor to claim any tax benefits associated with the tax shelter."

Loi de l'impôt sur le revenu alinéa 237.1(5)c) – « Le numéro d'inscription attribué à cet abri fiscal doit figurer dans toute déclaration d'impôt sur le revenu produite par l'investisseur. L'attribution de ce numéro n'est qu'une formalité administrative et ne confirme aucunement le droit de l'investisseur aux avantages fiscaux découlant de cet abri fiscal. »

Limited partnership net income (loss) – Revenu net (perte nette) du commanditaire

20 Limited partnership farming income (loss) Revenu (perte) d'agriculture du commanditaire	20-1 Agricultural income stabilization (CAIS) Stabilisation du revenu agricole (P-CIRA)	21 Limited partnership fishing income (loss) Revenu (perte) de pêche du commanditaire	22 Limited partnership business income (loss) Revenu (perte) d'entreprise du commanditaire	22-1 Limited partner's at-risk amount Fraction à risques de la participation du commanditaire	22-2 Limited partner's adjusted at-risk amount Fraction à risques rajustée de la participation du commanditaire	23 Limited partnership rental income (loss) Revenu (perte) de location du commanditaire
24 Limited partnership loss available for carryforward Perte comme commanditaire disponible à reporter	25 Previous loss carryforward eligible in the current year Pertes d'années antérieures admissibles pour l'année courante	27 Return of capital Remboursement de capital	Box / Case Amount / Détails Montant / Détails	Box / Case Amount / Détails Montant / Détails	Box / Case Amount / Détails Montant / Détails	Box / Case Amount / Détails Montant / Détails

Canadian and foreign net business income (loss) – Revenu net (perte nette) d'entreprise canadien et étranger

35 Business income (loss) Revenu (perte) d'entreprise	37 Professional income (loss) Revenu (perte) de profession libérale	41 Farming income (loss) Revenu (perte) d'agriculture	43 Fishing income (loss) Revenu (perte) de pêche	30 Other income Autre revenu	34 Partnership's total gross income Revenu brut total de la société de personnes
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Canadian and foreign investments and carrying charges – Investissements canadiens et étrangers et frais financiers

26 Canadian and foreign net rental income (loss) Revenu net (perte nette) de location canadien et étranger	51 Actual amount of dividends (other than eligible dividends) Montant réel des dividendes (autres que des dividendes déterminés)	51-1 Taxable amount of dividends (other than eligible dividends) Montant imposable des dividendes (autres que des dividendes déterminés)	51-2 Dividend tax credit for dividends other than eligible dividends Crédit d'impôt pour dividendes (autres que des dividendes déterminés)	52 Actual amount of eligible dividends Montant réel des dividendes déterminés	52-1 Taxable amount of eligible dividends Montant imposable des dividendes déterminés	52-2 Dividend tax credit for eligible dividends Crédit d'impôt pour dividendes déterminés
50 Interest from Canadian sources Intérêts de source canadienne	55 Foreign dividend and interest income Revenu étranger en dividendes et en intérêts	56 Business investment loss Perte au titre d'un placement d'entreprise	59 Carrying charges Frais financiers	Box / Case Amount / Détails Montant / Détails	Box / Case Amount / Détails Montant / Détails	Box / Case Amount / Détails Montant / Détails

Other amounts and information – Montants et renseignements additionnels

70 Capital gains (losses) Gains (pertes) en capital	71 Capital gains reserve Provision relative aux gains en capital	85 Capital cost allowance Déduction pour amortissement	Box / Case Amount / Détails Montant / Détails	Box / Case Amount / Détails Montant / Détails	Box / Case Amount / Détails Montant / Détails	Box / Case Amount / Détails Montant / Détails
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Privacy Act / Loi sur la protection des renseignements personnels: Fichier de renseignements personnels numéro CRA/P-PU-005

T5013A (06)

XXXX

For information in English, see attachment.
Pour des renseignements en français, lisez les instructions en annexe.

Chapter 11 – T5013 SCH 52, Summary Information for Partnerships That Allocated Renounced Resource Expenses to Their Members

General

You can get this prescribed form from our Web site at www.cra.gc.ca/formspubs.

Attach this form to the **front** of the T5013 Summary. If you do not include this form with the T5013 *Partnership Information Return*, we can apply a penalty.

If you are preparing an amended Form T5013 SCH 52, read the sections called “How to correct your T5013 *Partnership Information Return*” and “Changes to schedules, and to other forms and documents” on page 10.

How to complete Schedule 52

Partnership’s name

Enter the partnership’s name exactly as you entered it on the T5013 Summary.

Partnership’s filer identification number

Enter the partnership’s filer identification number that you entered on the T5013 Summary.

Fiscal period end

Enter the same four numbers for the year and the two numbers for the month and day of the fiscal period end as on the T5013 Summary.

Amended

Tick (✓) the box for “Amended” if it applies.

Promoter’s name and telephone number

Enter the promoter’s name and telephone number.

You are a tax shelter promoter if, in the course of a business, either as a principal, agent, **broker**, or **advisor**, you:

- sell or issue, or promote the sale, issuing, or acquiring of, a tax shelter;
- act as an agent or advisor for such activities; or
- accept consideration for the tax shelter.

Box 03 – Tax shelter identification number

If the partnership is a tax shelter, enter the same tax shelter identification number entered on the T5013 Summary.

Section A – Renounced Canadian exploration and development expenses

T5013A slip information

Summary of renounced resource expenses allocated to the members of the partnership and the portion of the reduction subject to an interest-free period

Identification number – Enter the identification number from the T101 information slip, *Statement of Resource Expenses*, your partnership received from the principal-business corporation. If the expenses flowed through another partnership, enter that partnership’s filer identification number from the T5013A information slip your partnership received from that partnership.

Effective date of renunciation – Enter the four numbers for the year and the two numbers for the month and day, that correspond to the effective date of renunciation of the resource expenses from the T101 information slip your partnership received from the principal-business corporation. If the expenses flowed through another partnership, enter that partnership’s fiscal period end from the T5013A information slip your partnership received from that partnership.

Box 120 – Canadian exploration expense – Enter, in the appropriate box, the total Canadian exploration expenses from:

- box 120 of the T101 information slips received from each principal-business corporation; and
- box 120 of the T5013A information slips received from each partnership.

The column total should equal the total of the amounts that you reported in box 120 of the T5013A information slips.

Box 121 – Canadian development expense – Enter, in the appropriate box, the total Canadian development expenses from:

- box 121 of the T101 information slips received from each principal-business corporation; and
- box 121 of the T5013A information slips received from each partnership.

The column total should equal the total of the amounts that you reported in box 121 of the T5013A information slips.

Box 130 – Portion of any reduction subject to an interest-free period – Enter the total portion of the reduction for Canadian exploration expenses that is available for the interest-free period from:

- box 130 of the T101 information slips received from each principal-business corporation; and
- box 130 of the T5013A information slips received from each partnership.

The total of the amounts in the column should equal the total of the amounts that you reported in box 130 of the T5013A information slips.

Summary of assistance allocated or to be allocated

Identification number – Enter the identification number from the T101 information slip your partnership received from the principal-business corporation. If the expenses

flowed through another partnership, enter that partnership's filer identification number from the T5013A information slip your partnership received from that partnership.

Date of entitlement – Enter the four numbers for the year and the two numbers for the month and day that correspond to the effective date of renunciation of the resource expenses from the T101 information slip your partnership received from the principal-business corporation. If the expenses flowed through another partnership, enter that partnership's fiscal period end from the T5013A information slip your partnership received from that partnership.

Box 124 – Canadian exploration expense – Enter, in the appropriate box, the total Canadian exploration expenses from:

- box 124 of the T101 information slips received from each principal-business corporation; and
- box 124 of the T5013A information slips received from each partnership.

The column total should equal the total of the amounts that you reported in box 124 of the T5013A information slips.

Box 125 – Canadian development expense – Enter, in the appropriate box, the total Canadian development expenses from:

- box 125 of the T101 information slips received from each principal-business corporation; and
- box 125 of the T5013A information slips received from each partnership.

The column total should equal the total of the amounts that you reported in box 125 of the T5013A information slips.

Summary of expenses qualifying for ITC allocated to the members of the partnership

Identification number – Enter the identification number from the T101 information slip your partnership received from the principal-business corporation. If the expenses flowed through another partnership, enter that partnership's filer identification number from the T5013A information slip your partnership received from that partnership.

Date of entitlement – Enter the four numbers for the year and the two numbers for the month and day, that correspond to the date of entitlement from the T101 information slip your partnership received from the principal-business corporation. If the expenses flowed through another partnership, enter that partnership's fiscal period end from the T5013A information slip your partnership received from that partnership.

Box 128 – Canadian exploration expense (mining only) – Enter, in the appropriate box, the total eligible resource expenditures qualifying for ITC from:

- box 128 of the T101 information slips received from each principal-business corporation; and
- box 128 of the T5013A information slips received from each partnership.

The column total should equal the total of the amounts that you reported in box 128 of the T5013A information slips.

Box 129 – Portion subject to an interest-free period – Enter the total portion of the reduction for Canadian exploration expenses (mining only) that is available for the interest-free period from:

- box 129 of the T101 information slips received from each principal-business corporation; and
- box 129 of the T5013A information slips received from each partnership.

The column total should equal the total of the amounts that you reported in box 129 of the T5013A information slips.

Summary of expenses qualifying for provincial tax credits

Identification number – Enter the identification number from the T101 information slip your partnership received from the principal-business corporation. If the expenses flowed through another partnership, enter that partnership's filer identification number from the T5013A information slip your partnership received from that partnership.

Province – Enter, in the boxes in the appropriate provincial column, the total Canadian exploration expenses (mining only) that qualify for tax credits from:

- boxes 141 to 145 of the T101 information slips received from each principal-business corporation; and
- boxes 141 to 145 of the T5013A information slips received from each partnership.

The column total should equal the total of the amounts that you reported in boxes 141 to 145 respectively of the T5013A information slips.

Section B – Calculating the penalty under subsections 66(12.74) and 66(12.75) for filing this summary and the related T5013A information slips late

General

If you file the T5013 *Partnership Information Return* late, you have to calculate a penalty in this section. The penalty is \$100 to a maximum of \$30,000.

A – Minimum – The minimum penalty is \$100 if you entered a renunciation in boxes 120 or 121, and \$100 if you entered assistance in boxes 124 or 125.

B – Total of boxes 120 and 121 and boxes 124 and 125 – Enter, in the spaces provided, the totals of the amounts you entered on the total lines in Section A. Multiply the total amount in each space by $\frac{1}{4}$ of 1% (that is, 0.25%), and enter the results in box B of the appropriate column.

D – Penalty – Enter the penalty amounts in box D for each column. The penalty is the middle value of the amounts in boxes A, B, and C. If two of these amounts are the same, the penalty is that amount.

110 – Total penalty – Add the amounts from row D in both columns.

Payment – Transfer the penalty amount from line 110 to line 110 on page 4 of the T5013 Summary.

Chapter 12 – T5013 SCH 2, Charitable Donations, Gifts, and Political Contributions

General

You can get this prescribed form from our Web site at www.cra.gc.ca/formspubs.

If during the taxation year, your partnership made charitable donations, gifts, or political contributions, complete each section on Schedule 2 that applies:

Section A – Charitable donations;

Section B – Gifts to Canada, a province, or a territory;

Section C – Gifts of certified cultural property;

Section D – Gifts of certified ecologically sensitive land;

Section E – Federal political contributions; and

Section F – Provincial or territorial political contributions

The box numbers in each section represents the box number on the T5013 and T5013A information slip where you need to report the partner's share of the amounts, and provide the non-monetary information the partners need.

Report the total from each section on the appropriate line of Schedule 1.

Charitable donations and government gifts

Charitable donations and government gifts are gifts made to a qualified donee. Qualified donees include:

- Canadian registered charities;
- registered Canadian amateur athletic associations;
- prescribed universities outside Canada;
- tax-exempt housing corporations resident in Canada that only provide low-cost housing for seniors;
- a municipality in Canada;
- a municipal or public body performing a function of government in Canada;
- Canada or a province or territory;
- the United Nations or its agencies; and
- charitable organizations outside Canada to which the Government of Canada made a donation in 2005 or 2006.

Cultural and ecological gifts

Cultural and ecological gifts include:

- gifts of cultural property, certified by the Canadian Cultural Property Export Review Board, that your partnership gave to a designated institution or public authority in Canada; and
- gifts of land (or a covenant or an easement to which land is subject or, in the case of land in Quebec, a real servitude) certified by the federal minister of the environment, if your partnership donated it to Canada or

a province or territory, a municipality in Canada, a municipal or public body performing a function of government in Canada, or an approved registered charity. The minister of the environment has to certify the land to be ecologically sensitive land important to the preservation of Canada's environmental heritage.

If your partnership donates gifts of cultural property to a designated institution or public authority, the Canadian Cultural Property Export Review Board will issue Form T871, *Cultural Property Income Tax Certificate*, to your partnership. Attach it to the T5013 Summary when you file the T5013 *Partnership Information Return*.

If your partnership donates gifts of ecologically sensitive land to Canada or a province or territory, a municipality in Canada, or an approved registered charity, the federal minister of the environment will issue a certificate. Attach the certificate to the T5013 Summary.

Eligible amount of gift

The eligible amount of gift is the amount by which the FMV of the gifted property exceeds the amount of an advantage, if any, received or receivable for the gift. Under proposed legislation, there are situations in which the eligible amount may be deemed to be nil.

Advantage

The advantage is generally the total value of all property, services, compensation, or other benefits that you are entitled to as partial consideration for, or in gratitude for, the gift. The advantage may be contingent or receivable in the future, either to you or a person or partnership not dealing at arm's length with you.

For more information about donations and gifts, see the following publications and interpretation bulletins:

P113 *Gifts and Income Tax*

T4037 *Capital Gains*

T4067 *Guide for the Tax Shelter Information Return*

IT-244 *Gifts by Individuals of Life Insurance Policies as Charitable Donations*

IT-288 *Gifts of Capital Properties to a Charity and Others*

IT-297 *Gifts in Kind to Charity and Others*

IT-407-CONSOLID *Dispositions of Cultural Property to Designated Canadian Institutions*

Political contributions

Political contributions that qualify for a tax credit are the eligible amount of monetary contributions as defined in the *Canada Elections Act*, made to a registered party, a provincial or territorial division of a registered party, a registered association, or a candidate as those terms are defined in the *Canada Elections Act*. The eligible amount is the FMV of the monetary contributions reduced by the amount of any advantage or benefit, as defined in subsection 248(32).

Chapter 13 – T5013 SCH 6 – Summary of Dispositions of Capital Property

General

You can get this prescribed form from our Web site at www.cra.gc.ca/formspubs.

Complete Schedule 6 if during the taxation year, your partnership disposed of capital property and incurred any **capital losses**, realized any **capital gains**, received any information slips that included capital gains, or elected under subsection 14(1.01) or (1.02).

Complete **each** section of this schedule (A through K) that applies:

Section A – Qualified small business corporation shares;

Section B – Qualified farm property (QFP) and qualified fishing property;

Pending legislation – From tax changes announced in the Federal Budget on May 2, 2006
Under proposed legislation, the current farm property rules will also apply to fishing property transferred after May 1, 2006.

Section C – QFP and qualified fishing property mortgage foreclosures and conditional sales repossessions;

Section D – Mutual fund units, deferral of eligible small business corporation shares, and other shares including publicly traded shares;

Section E – Real estate, depreciable property, and other properties;

Pending legislation – From tax changes announced in the Federal Budget on May 2, 2006
Under proposed legislation, the current farm property rules will also apply to fishing property transferred after May 1, 2006.

Section F – Bonds, debentures, promissory notes, and other similar properties;

Section G – Mortgage foreclosures and conditional sales repossessions;

Section H – Personal-use property;

Section I – Listed personal property;

Section J – Deferral from qualifying dispositions of eligible small business corporation shares;

Section K – Gifts of certain capital property:

- Gifts of publicly traded and other shares, and mutual fund units;
- Gifts of bonds, debentures, promissory notes, and other properties (other than gifts of ecologically sensitive land); and
- Gifts of ecologically sensitive land.

Completing Form T5013 SCH 6

To help you complete Schedule 6, the following will explain the type of information we need in each column and each part of the schedule.

Summary of capital gains (losses)

After you have completed each of the applicable sections on Schedule 6, enter the totals from each of the related sections on the appropriate line on page 1 in the section that summarizes the gain or loss amounts, and in the section for the amounts eligible for the capital gains deduction.

Use the line R amount in the summary on page 1 to allocate the partner's share of capital gains (losses) in box 70 of the T5013 or T5013A information slips.

Amounts eligible for the capital gains deduction

Use the line S, T, U and V amounts on the bottom of page 1 to allocate the partner's share of amounts eligible for the capital gains deduction as they apply for boxes 70-2, 70-3, 70-4, and 70-17 of the T5013 or T5013A information slips.

Section A through K

Column 1 – Types of capital property

There are six types of capital property you may have disposed of during the taxation year. They are:

- Shares;
- Real estate;
- Bonds;
- Personal-use property;
- Listed personal property; and
- Other properties.

The following sections provide information you need about the capital properties you may have to report in column 1 of Sections A through K:

Bonds

List all bonds disposed of during the taxation year. Give:

- the face value;
- the maturity date; and
- the issuer's name for each type of bond.

When you dispose of a debt obligation, we usually consider the amount of any realized discount or bonus to be a capital gain. Similarly, we consider a premium paid to be a capital loss, either when the obligation matures or on the date you dispose of the obligation.

Shares

List the shares of the capital stock of a corporation disposed of during the taxation year. Give:

- the number of shares;
- the class of the shares; and
- the name of the corporation in which the shares were held.

Usually, disposing of a share will result in a taxable capital gain or an allowable capital loss. However, if the partnership that is disposing of the share is in the business of trading shares, we consider the resulting gain or loss to be business income or loss.

If a share is converted due to a merger or an amalgamation, section 54 deems a disposition to have occurred.

Real estate

List all real estate disposed of during the taxation year. Give the municipal address of each property.

Disposing of non-depreciable real property (unless the property is inventory) may result in a capital gain or loss.

Disposing of depreciable property may result in a capital gain, a CCA recapture, or a terminal loss, however, they do **not** result in a capital loss. For details about terminal losses and recaptures, see the section called "Recapture and terminal loss" on page 58.

Report dispositions of depreciable property on T5013 SCH 8, *Partnership's capital cost allowance schedule*. For more information, see "Chapter 14 – T5013 SCH 8, *Partnership's Capital Cost Allowance Schedule*" on page 56.

Personal-use property

Describe any personal-use property you disposed of during the taxation year.

Personal-use property of a partnership is property a partnership owned primarily for the personal use or enjoyment of a partner or a person who is related to a partner.

Use the \$1,000 rule to determine gains and losses when you dispose of personal-use property. According to this rule, if the ACB is less than \$1,000, it is considered to be \$1,000. As well, when the proceeds of disposition are less than \$1,000, they are considered to be \$1,000.

The \$1,000 rule will not apply when donors acquire personal-use property as part of an arrangement in which the property is gifted to a qualified donee, such as a registered charity.

You cannot deduct losses on dispositions of personal-use property (other than listed personal property) from the partnership's income.

Listed personal property

Describe any listed personal property disposed of during the taxation year.

Listed personal property is a special category of personal-use property that usually increases in value. The following is a complete list of the different types of listed personal property:

- prints, etchings, drawings, paintings, sculptures, or other similar works of art;
- jewellery;
- rare folios, rare manuscripts, or rare books;
- stamps; and
- coins.

If your partnership incurs losses from disposing of listed personal property, the partners can only deduct these losses from capital gains realized from disposing of other listed personal property.

Other properties

Describe any capital property disposed of during the taxation year that you have not already reported in any other section.

Bad debts – Other property includes capital debts established as bad debts, as well as amounts that arise from foreign currency transactions.

When an amount receivable on a capital account becomes a bad debt and your partnership elects to have the provisions of subsection 50(1) applied, a deemed disposition occurs at the end of the year. Your partnership is considered to have reacquired the debt immediately afterwards at a cost of nil. This usually allows the partnership to claim a bad debt as a capital loss in the year. Any later recovery of that debt will result in a capital gain.

Foreign exchange gains or losses – Foreign exchange gains or losses from buying or selling capital properties are capital gains or capital losses. Transactions in foreign currency or foreign currency futures that do not form part of the business operations can be considered capital dispositions.

Depreciable property – Disposing of depreciable property may result in a capital gain, a CCA recapture, or a terminal loss, however, they do **not** result in a capital loss. A capital gain results if the proceeds are more than the capital cost. For details about terminal losses, see the section called "Recapture and terminal loss" on page 58.

Report dispositions of depreciable property on T5013 SCH 8, *Partnership's capital cost allowance schedule*. For more information, see "Chapter 14 – T5013 SCH 8, *Partnership's Capital Cost Allowance Schedule*" on page 56.

Eligible capital property – Report other dispositions of goodwill and other intangible property on T5013 SCH 10, *Calculation of Deduction for Cumulative Eligible Capital of a Partnership*. For more information, see "Chapter 15 – T5013 SCH 10, *Calculation of Deduction for Cumulative Eligible Capital of a Partnership*," on page 61. Your partnership may have elected under subsections 14(1.01) or (1.02) on Schedule 10 to remove eligible capital property from the cumulative eligible capital pool and recognize a capital gain in the year as if the property were an ordinary non-depreciable capital property. You have to report the excess as a capital gain on Schedule 6.

Column 2 – Date of acquisition

In this column, give the date you acquired the property.

Column 3 – Proceeds of disposition

In this column, enter the proceeds of disposition. The proceeds of disposition are usually the selling price of the property. However, they can also include compensation the partnership received for property that was destroyed, expropriated, stolen, or damaged.

For a gift or a deemed disposition, the proceeds of disposition are usually the fair market value of the property when its owner or use changes.

Column 4 – Adjusted cost base

In this column, enter the cost of the property you used to calculate any capital gain or loss. This amount is called the **adjusted cost base** (ACB). The ACB is the original cost of the property that has been adjusted to reflect certain transactions or occurrences that took place after acquiring the property.

- The cost of a capital property may be the actual cost, a deemed cost, or the valuation-day value of the property. The nature of the property and the circumstances under which you acquired it determine which cost of the capital property you should use.
- The cost of property acquired after 1971 is usually the actual cost of acquiring it, including the purchase price plus any related costs, such as commissions, legal fees, and other reasonable expenses. It also includes the cost of additions and improvements to the property. It does **not** include current expenses, such as maintenance and repair costs.
- Special rules apply when determining the cost of capital property owned on December 31, 1971. According to these rules, tax is not assessed and losses are not allowed for any gain or loss that arose before that date.
- When deductions from the cost base of a property (other than a partnership interest) reduce the balance to a negative amount at any time in the taxation year, you are considered to have realized a capital gain equal to the amount of the negative balance, and the ACB becomes nil.
- You cannot use later additions to the ACB to reduce previous gains on the property that resulted from a negative balance. You can only consider these additions when you determine future gains or losses.
- Paragraphs 53(1)(e) and 53(2)(c) outline the rules for determining the ACB of a partnership interest.

You have to reduce the ACB of a partnership interest by your partnership's portion of any share purchase tax credit the partnership previously allocated to your partnership under subsection 127.2(4), and by one-half of the amount the partnership previously allocated to your partnership under subsection 127.3(4) for the scientific research and experimental development tax credit.

Note

Interests in a partnership that a limited partner or an inactive partner holds are subject to the negative ACB rule.

Column 5 – Outlays and expenses

In this column, enter the amount of outlays and expenses you deducted when calculating a gain or loss. You can deduct most expenses the partnership paid to put a property into saleable condition when you calculate a gain or loss, however, you cannot deduct expenses of a capital nature. You can also deduct expenses incurred when disposing of the property. These expenses include certain

fixing-up costs, finder's fees, commissions, surveyor's fees, transfer taxes, and other reasonable expenses incurred to dispose of the property.

Column 6 – Gain (or loss)

In column 6, enter the amount of the gain or loss. To determine this figure, subtract the amounts in columns 4 and 5 from the amount in column 3.

- A **capital gain** results when the proceeds of disposition of a capital property are more than the ACB and any related outlays or expenses.
- A **capital loss** occurs when the proceeds of disposition are less than the ACB and the related outlays and expenses. However, losses on depreciable property do not result in capital losses, but may result in a **terminal loss**. For details about terminal losses, see the section called "Recapture and terminal loss" on page 58.
- In certain cases, when you dispose of a building and the land on which it stands, and the building is disposed of for less than its undepreciated capital cost, you may have to reduce the gain on the sale of the land by the terminal loss on the sale of the building. For more information, see IT-220, *Capital Cost Allowance – Proceeds of Disposition of Depreciable Property*.

Section K

Column 6 – Gain

In column 6, enter the amount of the gain. Do **not** include dispositions of gifts that result in losses. Report those dispositions in section D, E, or F, whichever applies.

Column 7 – Eligible amount of gift

The eligible amount of gift is the amount by which the FMV of the gifted property exceeds the amount of an advantage, if any, received or receivable for the gift.

Pending legislation – From tax changes announced in the Federal Budget on May 2, 2006

Under proposed legislation, there are situations in which the eligible amount may be deemed to be nil.

Column 8 – Gain subject to 0% inclusion rate

The inclusion rate for capital gains arising from gifts of certain publicly traded securities to a qualified donee, and ecologically sensitive land is 0% for gifts made after May 1, 2006. For more information, see our income tax pamphlet P113, *Gifts and Income Tax*.

Column 9 – Gain subject to 25% inclusion rate

The inclusion rate for capital gains arising from gifts of certain publicly traded securities to a qualified donee, and ecologically sensitive land is 25% for gifts made before May 2, 2006. Section 38.1 provides that for gifts made to qualified donees of certain securities or of environmentally sensitive land, if a taxpayer is entitled to an advantage or benefit in respect of a gift, only part of the taxpayer's capital gain will be entitled to the special 25% inclusion rate. Subsections 248(31) and (32) provide definitions of the eligible amount of a gift and of the amount of the advantage in respect of a gift. For more information, see our income tax pamphlet P113, *Gifts and Income Tax*.

Column 10 – Gain subject to 50% inclusion rate

Generally, the inclusion rate for capital gains is 50%. For more information, see our income tax pamphlet P113, *Gifts and Income Tax*.

Totals

Report the total amounts from lines M, L, and K on page 1 of the summary.

Capital gains inclusion adjustment

Calculate the amount of the capital gains inclusion adjustment for line N and report that amount on page 1 of the summary.

Chapter 14 – T5013 SCH 8, Partnership's Capital Cost Allowance Schedule

General

Use this schedule to:

- calculate the amount of capital cost allowance (CCA) the partnership can claim for the period for depreciable property; and
- identify situations where the partnership:
 - has to adjust the balance for a class of assets;
 - has acquired depreciable property; or
 - has disposed of depreciable property that results in a recapture of CCA or a terminal loss.

Report the partner's share of capital cost allowance on depreciable property in box 85 of the partner's T5013 or T5013A information slips.

Capital cost allowance (CCA)

With a few exceptions, you cannot deduct capital expenditures in full when you calculate your partnership's net business or professional income for tax purposes in the year the partnership made the expenditures. Instead, since these properties wear out or become obsolete over time (in other words, they depreciate), you can deduct the capital expenditures from income over a period of several years. These deductions are known as capital cost allowance (CCA).

Depreciable property

Your partnership might acquire a depreciable property, such as a building, furniture, or equipment, to use in your business or professional activities. We consider a property to be depreciable property for which you can claim CCA only if it fits in one of the classes described in Schedule II or Part XI of the *Income Tax Regulations*.

Land is not a depreciable property and is not eligible for CCA.

Calculating CCA

To calculate the CCA, first separate all depreciable assets into the appropriate classes. Usually, you calculate the CCA amount for a fiscal period on the previous year's ending undepreciated capital cost (UCC) balance for each class (that is, the declining balance basis). Apply the rate for that class, usually a percentage, to the UCC of that class. However, for certain types of property, such as leasehold interests, you calculate the CCA amount for a fiscal period based on a percentage of the original capital cost of the property (that is, the straight-line basis).

Capital cost

Generally, the amount you spend to buy a depreciable property is the capital cost of that property. It is the cost of the property, not its value. Along with the purchase price, it includes costs such as delivery, installation, legal, accounting, engineering work, goods and services tax (GST), harmonized sales tax (HST), and any provincial sales tax (PST). For information on the GST/HST input tax credit, see the second paragraph under the section called "Column 4 – Net adjustments" on page 59.

For more information, see Interpretation Bulletin IT-285, *Capital Cost Allowance – General Comments*.

Passenger vehicles

Generally, vehicles belong in class 10. However, passenger vehicles may belong in class 10.1. Include **each** passenger vehicle in a separate class 10.1 if it meets **one** of the following conditions:

- your partnership acquired it after December 31, 1996 and before January 1, 1998, and it cost more than \$25,000;
- your partnership acquired it after December 31, 1997, and before January 1, 2000, and it cost more than \$26,000;
- your partnership acquired it after December 31, 1999, and before January 1, 2001, and it cost more than \$27,000; or
- your partnership acquired it after December 31, 2000, and it cost more than \$30,000.

If your passenger vehicle does not meet **any** of the above conditions, it belongs in class 10.

To determine what class your passenger vehicle belongs to, do **not** include the GST, PST, or HST, when calculating the vehicle's cost.

If the passenger vehicle belongs in class 10.1, CCA is based on the maximum cost in the year plus any taxes that apply on the maximum cost. For more information, see our income tax guide T4002, *Business and Professional Income*, or, if they apply, our income tax guides:

T4003 *Farming Income*

RC4060 *Farming Income and the CAIS Program*

RC4408 *Farming Income and the CAIS Program Harmonized Guide*

T4004 *Fishing Income*

Restriction on rental buildings

If the partnership receives rental income (business or property), the partnership can generally claim CCA on buildings and equipment such as stoves and refrigerators. However, you generally cannot create or increase a rental loss by claiming CCA on any buildings or equipment for the rental property. To be a rental property, the property must be used in the year by the partnership principally for the purposes of gaining or producing gross revenue that is rent.

If the partnership owns more than one rental building to which this restriction applies, to calculate the total income (or loss) for the year, you have to combine all the rental income from these buildings even if they belong to different classes. This also applies to furniture, fixtures, and appliances that the partnership uses in its rental buildings. The partnership can claim CCA for these properties, the building, or both. However, the partnership **cannot** use CCA to create or increase a rental loss.

Example

The partnership owns three rental properties (non-business rental properties). Two of these properties are Class 1 buildings, and one is a Class 3 building. All the buildings contain Class 8 appliances. The partnership earns net rental income from these properties as follows:

Building		Net rental income (or loss)
1 (Class 1)		\$ 1,500
2 (Class 1)	+	\$2,000
3 (Class 3)	+	(\$4,000)
Total	=	<u>(\$ 500)</u>

The partnership has an overall net loss of \$500. Since the partnership cannot increase its rental loss by claiming CCA, it cannot claim any CCA on the rental buildings or appliances.

For more information about loss restrictions on rental and leasing properties, see Interpretation Bulletin IT-195, *Rental Property – Capital Cost Allowance Restrictions*, Interpretation Bulletin IT-443, *Leasing Property – Capital Cost Allowance Restrictions*, and its Special Release, and our income tax guide T4036, *Rental Income*.

Restriction on computer software tax shelter property

A partnership that is a tax shelter generally cannot create or increase a tax shelter loss by claiming CCA on any computer software tax shelter property.

Disposals

When your partnership disposes of depreciable property, report the disposition in column 5 of Form T5013 SCH 8,

Partnership's Capital Cost Allowance Schedule. Use whichever of the following amounts is **less**:

- the net proceeds (proceeds of disposition minus any outlays and expenses incurred in the disposition); or
- the capital cost of the property.

Property acquired in the year – 50% rule

In the year the partnership acquires depreciable property, the CCA claim is generally limited to half of the allowable rate for net acquisitions of property in that class. The partnership can claim the full CCA for that property starting in the next taxation year.

This rule applies to both the cost of depreciable property acquired during the year and the increase in UCC from the repayment of any government assistance after the disposition of a depreciable property.

How to complete Schedule 8 with the 50% rule

Column	Year ending December 2006	
1. Class 8		
2. Opening UCC		\$ 1000
3. Additions (+)	\$ 700	
4. Adjustments (+ or –)	nil	
5. Disposals (–)	(200)	
Net	\$ 500	▶ 500 A
6. UCC	\$ 1500	◀ \$ 1500
7. 50% limit (50% of A)	(250)	
8. Reduced UCC (column 6 minus column 7)	\$ 1250	B
9. Rate 20%		
12. CCA (20% of B)	(250)	▶ (250)
	\$ 1000	
13. UCC at end of year (column 6 minus column 12)		\$ 1250

Complete Schedule 8

Columns:	(1) 8	(2) \$1000	(3) \$700	(4) nil	(5) (\$200)	(6) \$1500
Columns:	(7) \$250	(8) \$1250	(9) 20%	(12) \$250	(13) \$1250	

Class 10.1 – Half-year rule on sale

There is a special rule for a class 10.1 vehicle the partnership disposed of in the current taxation year. In the year that the partnership disposed of the vehicle, you can claim half of the CCA that would have been allowed if the partnership had still owned the vehicle. Use the **half-year rule on sale** when the partnership meets **both** of the following conditions:

- The partnership disposed of a class 10.1 vehicle in the current taxation year.
- The partnership owned the same vehicle at the end of the preceding taxation year.

Available for use

You cannot claim CCA for a property until it is available for use.

Subsection 13(27) provides that **property (other than a building)** is considered available for use at the earliest of several different dates. Generally, you can claim a CCA deduction at whichever time is the **earliest**:

- when the partnership first uses the property for the purpose of earning income;
- the start of the first taxation year that begins at least 358 days after the taxation year in which the partnership acquired the property (that is, the second fiscal period after the fiscal period the partnership acquired it); or
- just before the partnership disposes of the property.

Under subsection 13(28), a **building** is considered available for use at whichever of the following dates is the **earliest**:

- when the partnership uses 90% or more of the building for its intended purpose;
- when construction, renovation, or alteration is completed;
- the start of the first taxation year that begins at least 358 days after the taxation year in which the partnership acquired the building (that is, the second fiscal period after the fiscal period the partnership acquired it);
- just before the partnership disposes of the building; or
- when the property is a replacement property for a building that was acquired before 1990 or that became available for use when the replacement building was acquired.

Capital gain on disposing of property

When the proceeds of disposition of a depreciable property are more than its adjusted cost base (the capital cost for depreciable property) plus outlays and expenses, the difference is a capital gain. Include this capital gain in the partnership's income in the taxation year.

Your partnership cannot have a capital loss on depreciable property even if the proceeds of disposition are less than its adjusted cost base. In this case, your partnership may have a terminal loss.

Replacement property

In a few cases, your partnership can elect to postpone or defer adding a capital gain or CCA recapture to income. Your partnership might sell a business property, and replace it with a similar one, or a partnership property might be stolen, destroyed, or expropriated, and your partnership replaces it with a similar one. You can defer tax on the proceeds of disposition that your partnership reinvests in replacement property within a certain period of time. To defer reporting the capital gain or CCA recapture, your partnership must acquire and use the new property for the same or a similar purpose as the one that the partnership is replacing.

For more information, see the following interpretation bulletins:

IT-259 *Exchanges of Property*

IT-491 *Former Business Property*, and its Special Release

Recapture and terminal loss

If your partnership disposes of depreciable property, deduct either the capital cost or the net proceeds, whichever is **less**, from the balance (UCC) in the class. (See the section called "Disposals" on page 57.)

Recapture – If the difference after deducting the above amount from the UCC balance is a negative amount, there is a recapture. See the recapture amounts in cases 2 and 3 in the following chart. Include the full recapture amount in the partnership's income in the taxation year.

Your partnership can have a capital gain as well as a recapture when you dispose of a depreciable property. See case 3 in the following chart.

Terminal loss – When your partnership disposes of **all** the property in a class in a taxation year, and the difference after deducting the above amount from the UCC balance is a positive balance at the end of the taxation year, that balance is a terminal loss. See case 1 in the following chart. Deduct the full amount from income in the taxation year your partnership disposes of the properties.

Disposition of property				
Any class	Case 1	Case 2	Case 3	
Capital cost	\$ 5000	\$ 5000	\$ 5000	A
CCA taken	1500	1500	1500	B
UCC	\$ 3500	\$ 3500	\$ 3500	C
Proceeds of disposition	(2500)	(4000)	(6000)	D
Recapture	(C – D)	nil	(\$ 500)	
	(C – A)		(\$ 1500)	
Terminal loss	(C – D)	\$ 1000	nil	
Capital gain	(D – A)	nil	nil	\$ 1000

Exception – Your partnership **cannot** have a recapture or terminal loss for class 10.1 vehicles.

For more information about recapture and terminal losses, see Interpretation Bulletin IT-478, *Capital Cost Allowance – Recapture and Terminal Loss*.

How to complete Schedule 8

General

If you are preparing an amended Schedule 8, read the sections called "How to correct your T5013 *Partnership Information Return*" and "Changes to schedules, and to other forms and documents" on page 10.

Do not adjust the current-year Schedule 8 for errors made in a previous year. If the error affects the partnership's net income (or loss), amend the previous year's documents and issue amended T5013 or T5013A information slips to the partners.

Calculate the capital cost allowance (CCA) for **each** business or activity separately.

For more information about specific depreciable properties, see the various interpretation bulletins and our income tax guides:

T4002 *Business and Professional Income*

T4003 *Farming Income*

RC4060 *Farming Income and the CAIS Program*

RC4408 *Farming Income and the CAIS Program Harmonized Guide*

T4004 *Fishing Income*

Identification

Enter the partnership's name, filer identification number, and the fiscal period end at the top of the schedule.

Amended

Tick (✓) the box for "Amended" if it applies.

Column 1 – Class number

Enter the class numbers of your properties using a separate line for each property class. To get this information, use last year's Form T5014, or see Schedule II and Parts XI and XVII of the *Income Tax Regulations*.

Generally, all depreciable property of the same class is grouped together. One exception is class 10.1. For more information on class 10.1, see the section called "Passenger vehicles" on page 56.

Column 2 – Undepreciated capital cost (UCC) at start of fiscal period

If this is the first fiscal period of the business or activity, leave column 2 blank, and go to the instructions for column 3.

If this is not the first fiscal period of the business or activity, enter the UCC for each class at the end of the previous fiscal period. You will find these figures in column 11 of the previous year's Form T5014.

Column 3 – Cost of additions during fiscal period

If the partnership acquired depreciable property during the taxation year, enter the capital cost for each class. New property must be available for use. 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)). Do **not** enter the cost of land. For more information, see the section called "Capital cost" on page 56.

For more information on the "Available for use" rules, see page 58.

Column 4 – Net adjustments

You have to adjust the UCC for each class of assets to which any of the following deductions and additions apply. If the

total adjustments for any class is negative, show the amount in brackets.

Deductions

Enter these amounts in brackets because they reduce the capital cost of depreciable property.

Government assistance – Deduct the amount of any related assistance the partnership received, or is entitled to receive, from a government, municipality, or other public authority in the taxation year.

Assistance **includes** a grant, a subsidy, and a forgivable loan. Also, if your partnership incurred GST/HST on some of the depreciable property it bought for the business, it may have applied for and be considered to have received the related input tax credit from us. We consider this input tax credit to be government assistance.

Investment tax credit (ITC) – The partnership may have earned ITC on depreciable property acquired and available for use in the taxation year **and** allocated those credits to the partners. We consider that the partnership receives this ITC as assistance. Therefore, the partnership has to deduct, from the capital cost of the depreciable property, the amount of ITC it allocated to the partners, whether or not the partners claimed the tax credit.

Non-government assistance – A partnership can elect to reduce the capital cost of depreciable property by the amount of related non-government assistance it received.

If you do not reduce the capital cost of the depreciable property by the amount of the related non-government assistance the partnership received, you have to include the assistance in the partnership income.

Forgiven debt – A partnership has to reduce the capital cost of a depreciable property and the UCC of a depreciable property of a prescribed class by the amount of a forgiven debt obligation for which the partnership has made a designation under subsection 80(5), to the extent that subsection 80(6) permits the reduction.

Additions

Repayment of assistance – Increase the capital cost of the property when the partnership repays any amount of assistance that previously reduced the capital cost.

For more information, see Interpretation Bulletin IT-273, *Government Assistance – General Comments*, and paragraph 12(1)(x) and subsections 13(7.1), 13(7.4), and 127(12).

Column 5 – Cost or proceeds from disposals during fiscal period, whichever is less

For each depreciable property disposed of during the taxation year, determine which is **less**:

- the proceeds of disposition minus any outlays or expenses incurred in the disposition; or
- the capital cost of the property.

Then, add the amounts for each property disposed of in a class, and enter the total amount in column 5 for the class.

Column 6 – Undepreciated capital cost

For each class of assets, this amount is the subtotal that is the UCC before the restriction on certain depreciable property. For each class, add the amounts in columns 2, 3, and 4 (or subtract the amount in column 4 if it is a negative amount), and subtract the amount in column 5.

If the amount in column 6 is negative, the partnership has a recapture and may also have a capital gain. If no property is left in the class and the column still has a positive amount, the partnership has a terminal loss.

Recapture – See column 10 below.

Terminal loss – See column 11 below.

Note

Class 10.1 vehicles cannot have a recapture or terminal loss.

Capital gain – If the proceeds of disposition of a depreciable property are more than its capital cost, a capital gain may occur. For more information, see our income tax guide T4037, *Capital Gains*.

Add the amount of any taxable capital gain to the partnership's income when you reconcile the partnership's net income (or loss) for income tax purposes.

Capital loss – There cannot be a capital loss on the disposition of depreciable property.

We give definitions and examples of how to calculate a **recapture**, **terminal loss**, and **capital gain** on page 58.

Column 7 – 50% rule for current-year additions

Generally, an asset acquired during the year is only eligible for half of the usual CCA for the taxation year.

For each class of assets in column 7, enter half of the net amount of columns 3, 4, and 5. If the result is a negative amount, enter "0". For an example of how to complete Schedule 8 with the 50% rule, see the section called "Property acquired in the year – 50% rule" on page 57.

Not all additions are subject to the 50% rule:

- Some properties in classes 10 and 12, and properties in classes 13, 14, 15, 23, 24, 27, 29, and 34, are not subject to the 50% rule.
- Property that is considered to have become available for use in the second taxation year after the property was acquired is not subject to the 50% rule.
- Property acquired in certain non-arm's length transfers or in the course of certain reorganizations may be exempt from the 50% rule.

For more information, see subsection 1100(2), *Property Acquired in the Year*, in the *Income Tax Regulations* and Interpretation Bulletin IT-285, *Capital Cost Allowance – General Comments*.

Column 8 – Reduced undepreciated capital cost

This is the base amount for the CCA claim.

If your partnership disposed of a class 10.1 vehicle in the current taxation year, you may be able to claim half of the

CCA that would have been allowed if the partnership had still owned the vehicle. To determine if you qualify, see the section called "Class 10.1 – Half-year rule on sale" on page 57. If you qualify to claim half of the CCA, enter half of the net amount of columns 2 and 4 for the class 10.1 vehicle.

To claim any CCA (other than for the class 10.1 vehicle described above), your partnership must have property in the class at the end of the taxation year. If there is no property in the class and there is a positive balance in this column (other than for the class 10.1 vehicle described above), your partnership may have a terminal loss. See the definition of **terminal loss** on page 58.

Column 9 – Rate (%)

The *Income Tax Regulations* prescribe a maximum rate of CCA for each class of assets.

The rate is usually expressed as a percentage of the UCC of the class at year-end (declining balance method). You can find those percentages in the *Income Tax Regulations*, paragraph 1100(1)(a). These rates may be changed by other provisions in the *Income Tax Regulations*. Use this method to calculate CCA for all classes listed in the *Income Tax Regulations*, paragraph 1100(1)(a).

For depreciable property in classes 13, 14, 15, 19, 20, 21, 24, 27, 29, and 34, the maximum CCA available is in the *Income Tax Regulations*, paragraphs 1100(1)(b), (c), (f), (n), (p), (q), (t), and (ta). These write-offs are usually at a higher rate and over a shorter period of time (straight-line method) than classes listed in paragraph 1100(1)(a).

Enter the appropriate rate prescribed for each class.

Column 10 – Recapture of capital cost allowance

If the amount in column 6 for any class is negative, the partnership has a recapture and may also have a capital gain.

Add the amount of any recapture for each class to the partnership's income when you reconcile the partnership's net income (or loss) for income tax purposes.

Column 11 – Terminal loss

If no property is left in the class and column 6 still has a positive amount for that class, the partnership has a terminal loss.

Deduct the amount of any terminal loss for each class from the partnership's income when you reconcile the partnership's net income (or loss) for income tax purposes.

Column 12 – Capital cost allowance or lower amount

A partnership does not have to claim the maximum amount of CCA for any class in any given taxation year. It can claim any amount from zero up to the maximum allowed for the taxation year.

If the taxation year is shorter than 365 days, prorate the CCA claim.

Column 13 – Undepreciated capital cost (UCC) at the end of the fiscal period

The UCC at the end of the fiscal period for each class is the amount you get by adding columns 6 and 10, and subtracting columns 11 and 12. If there is no property left in a class and you have a recapture (column 10) or a terminal loss (column 11) for the class, there will not be a UCC at the end of the fiscal period for that class. In this case, leave column 13 blank.

Note

The amount for each class in this column is the amount you should enter in column 2 on Schedule 8 for the next fiscal period.

For more information, see the following interpretation bulletins:

IT-285 *Capital Cost Allowance – General Comments*

IT-478 *Capital Cost Allowance – Recapture and Terminal Loss*

Chapter 15 – T5013 SCH 10, Calculation of Deduction for Cumulative Eligible Capital of a Partnership

General

If you are preparing an amended Schedule 10, read the sections called “How to correct your T5013 *Partnership Information Return*” and “Changes to schedules, and to other forms and documents” on page 10.

Eligible capital property

A partnership may incur certain expenditures, or buy an intangible capital property that does not physically exist (such as goodwill). These expenditures or properties provide lasting economic benefit over an indefinite period. Such property is neither a current expense nor a depreciable property, and the partnership cannot deduct its full cost. However, if the property qualifies as an **eligible capital property**, the partnership can deduct a part of the cost in a method similar to capital cost allowance. Under subsection 14(1), the tax treatment of these expenditures operates on a pooling basis for each business, and the annual deduction under paragraph 20(1)(b), calculated as a percentage of the pool, is referred to as the cumulative eligible capital amount (CECA deduction).

Eligible capital property includes:

- goodwill;
- customer lists;
- farm quotas;
- purchased trademarks that have enduring value;
- expense of reorganizing or amalgamating;
- certain legal and accounting fees; and

- patents, franchises, concessions, or licences for an unlimited period.

Cumulative eligible capital amount (CECA deduction)

You cannot deduct the cost of an eligible capital property in the year the partnership made the expenditures. Instead, since these properties provide lasting economic benefit over an indefinite period, you can deduct their cost from income over several years. This deduction is calculated on a declining balance basis at a rate of 7% of the cumulative eligible capital balance of the pool at the end of the year. You do not have to deduct the maximum annual allowance in any given year. You can deduct any amount, up to the maximum allowed for the year.

Replacement property

If your partnership sells an eligible capital property and replaces it with another one for the same or similar use, your partnership can elect to postpone all or part of any gain on the sale. To qualify, your partnership has to replace the property no later than one year after the end of the taxation year in which your partnership sells the original property. For more information, see Interpretation Bulletin IT-259, *Exchanges of Property*.

Elections for eligible capital property (other than goodwill) disposed of in the year

Subsection 14(1.01) – permits the partnership to elect to remove an eligible capital property (ECP) that it disposed of in the year from the cumulative eligible capital (CEC) pool, and recognize a capital gain on that ECP in the year as if the property were ordinary non-depreciable capital property.

Proposed subsection 14(1.02) – permits the partnership to elect to report a capital gain in the year on the disposition of an ECP acquired before 1972 as if the property were an ordinary non-depreciable capital property.

If your partnership is electing under section 14(1.01) or proposed subsection 14(1.02), complete the area called “14(1.01) or (1.02) election for eligible capital property (other than goodwill) disposed of in the year” on page 1 of Form T5013 SCH 10, *Calculation of Deduction for Cumulative Eligible Capital of Partnership*.

The elections under subsections 14(1.01) and proposed subsection 14(1.02) are only available if the partnership meets the following conditions:

- the partnership disposed of an ECP in the year;
- the partnership’s eligible capital expenditure (ECE) (total of the outlays and expenditures) to acquire the ECP can be determined;
- the proceeds of disposition are more than the cost (total); and
- the ECP that the partnership disposed of is **not** goodwill.

Note

Another condition for these elections is that the person making the election, if an individual, must have a nil exempt gains balance. As the partnership is not an

individual and cannot have an exempt gains balance, this condition will always be satisfied.

Subsection 14(1.01) election re capital gain

Subsection 14(1.01) permits the partnership to elect to remove an ECP that it disposed of in the year from the cumulative eligible capital (CEC) pool, and recognize a capital gain on that ECP in the year as if the property were ordinary non-depreciable capital property.

If the partnership makes the election, the proceeds of disposition are considered to be equal to the original cost of the property. The partnership can then allocate to the partners a capital gain equal to the actual proceeds of disposition **minus** the cost of acquisition.

Pending legislation – From tax changes announced on February 27, 2004

Subsection 14(1.02) election for property acquired with pre-1972 outlays or expenditures

Subsection 14(1.02) permits the partnership to elect to report a capital gain in the year on the disposition of an ECP that it acquired with pre-1972 outlays or expenditures and that it disposed of after December 20, 2002, as if the property were ordinary non-depreciable capital property.

The election is available only if, in addition to the conditions specified under the heading “Elections for eligible capital property (other than goodwill) disposed of in the year” on the previous page, the partnership meets the following conditions:

- the partnership disposed in the year of a property that was acquired with pre-1972 outlays or expenditures;
- the property would, if the outlay or expenditure were made after 1971, have been an eligible capital expenditure;
- the property would otherwise be eligible for the election under subsection 14(1.01); and
- subsection 21(1) of the *Income Tax Application Rules* applies in respect of the disposition.

If the partnership makes the election, the adjusted cost base of the property is deemed to be nil, and the proceeds of disposition would be determined under subsection 21(1) of the *Income Tax Application Rules*. The partnership can then allocate to the partners a capital gain equal to the actual proceeds of disposition **minus** the total of the outlays and expenditures.

Report each partner’s share of the gain for these elections in box 70 of the T5013 or T5013A information slip.

If the partnership makes these elections, the partners that have capital losses can apply those losses against these gains.

If the partnership disposed of an ECP that is a qualified farm property or qualified fishing property, these elections may also help partners that are eligible to claim a capital gains deduction. If the partnership disposed of an ECP that was a qualified farm property or qualified fishing property, any deemed gain reported under the election is also deemed to be a disposition of qualified farm property or qualified fishing property.

Amounts resulting from disposition to be included in income

Cumulative eligible capital balance – Negative amount

If your partnership disposes of an eligible capital property in the year, and the partnership’s cumulative eligible capital balance at the end of its fiscal period is a **negative** amount, under subsection 14(1) you have to include the amount in the partnership’s income.

14(1)(a) income recapture inclusion – If the partnership’s cumulative eligible capital balance at the end of its fiscal period is a **negative** amount, you have to include in the partnership’s business income for the year the part that is a recapture of CECA deductions your partnership previously claimed. To calculate this amount, follow the instructions in the calculation for the “14(1)(a) income recapture inclusion” in Section B of Schedule 10.

14(1)(b) residual income inclusion – If the amount of 14(1)(a) income recapture inclusion (amount on line 11) is less than the cumulative capital negative balance (amount on line 1), your partnership may have a 14(1)(b) residual income inclusion. If so, include 2/3 of the residual amount in your partnership’s business income. To calculate this amount, follow the instructions in the area called “14(1)(b) residual income inclusion” in Section B of Schedule 10.

Amount resulting from disposing of eligible capital property that is qualified farm property or qualified fishing property eligible for the capital gains deduction

If your family-farm partnership, or family-fishing partnership, disposes of a qualified farm property, or qualified fishing property, in the year, part of the partnership’s farming income, or fishing income, from the sale of the eligible capital property that is qualified farm property, or qualified fishing property, may be eligible for the capital gains deduction.

For more information about real property and eligible capital property that is considered to be qualified farm property, see our income tax guides:

T4003 *Farming Income*

RC4060 *Farming Income and the CAIS Program*

RC4408 *Farming Income and the CAIS Program Harmonized Guide*

For more information, see section 14 of the *Income Tax Act*, and our income tax guides:

T4002 *Business and Professional Income*

T4037 *Capital Gains*

Also see the following interpretation bulletins:

IT-123 *Transactions Involving Eligible Capital Property*

IT-143 *Meaning of Eligible Capital Expenditure*

IT-477-CONSOLID *Capital Cost Allowance – Patents, Franchises, Concessions and Licences*

How to complete Schedule 10

Identification

Enter the partnership's name, filer identification number, and fiscal period end at the top of the schedule.

Amended

Tick (✓) the box for "Amended" if it applies.

14(1.01) or 14(1.02) election for eligible capital property (other than goodwill) disposed of in the year

Complete this election if your partnership is electing under section 14(1.01) or proposed subsection 14(1.02) to remove an eligible capital property from the CEC pool and to recognize a capital gain in the year as if the property were an ordinary non-depreciable capital property.

Include the amount from line 4 in the partnership's capital gain for the year on line Q on page 1 on Schedule 6.

Section A – Calculating the current-year deduction and carryforward

Line 1 – Cumulative eligible capital (CEC) – Balance at start of fiscal period

Enter the amount from line 9 in Section A of the partnership's Form T5017 for the previous fiscal period end.

Do not adjust any current-year schedules or forms for errors made in a previous year. If the opening balance is different from the ending balance on the previous year's Form T5017, attach an amended Form T5017 for the previous year with a note explaining the difference.

Lines 2 to 8

Enter the amounts that apply to the partnership on the appropriate lines, and calculate as instructed.

If the amount on line 8 is negative, you have an excess under subsection 14(1) and cannot claim a current-year deduction. If this is the case, go to Section B to calculate the amount that you have to include in the partnership's income for the year.

Line 9 – 20(1)(b) – Current-year cumulative eligible capital amount (CECA) deduction

You can deduct eligible capital expenditures at a rate of 7% of the CEC balance (line 8 in Section A) at the end of the year. You do not have to deduct the maximum annual allowance in any given year. You can deduct any amount, up to the maximum allowed for the year.

For taxation years that start after December 21, 2000, if your partnership has a short fiscal period, prorate its claim for the current-year CECA deduction.

Line 10 – CEC balance at end of fiscal period

This is the partnership's CEC balance available for carryforward.

Section B – Calculating the amounts resulting from disposition to be included in income

Complete Section B if the amount on line 8 in Section A is negative.

Enter the amounts that apply to the partnership on the appropriate lines, and calculate as instructed.

14(1)(a) income recapture inclusion

Include the income recapture amount from line 1 or line 11 in Section B, whichever is less, in the partnership's income for the year.

14(1)(b) residual income inclusion

Include the residual income amount from line 17 in Section B in the partnership's income for the year.

Section C – Calculating the farming or fishing income eligible for the capital gains deduction

Complete Section C if there was a disposition of eligible capital property that is qualified farm property or qualified fishing property.

Enter the amounts that apply to the partnership on the appropriate lines, and calculate as instructed.

Transfer the amount from line 12 to line V on page 1 of Schedule 6. Report the partner's share of the amount from line 12 in Section C as "Farming or fishing income eligible for the capital gains deduction" in box 70-17 of the partner's T5013 or T5013A information slip.

Chapter 16 – T5013 SCH 12, Resource-related Deductions

You can get this prescribed form from our Web site at www.cra.gc.ca/formspubs.

Complete the appropriate parts of Schedule 12 if at any time in the taxation year your partnership:

- incurred any resource-related expenses
 - Canadian exploration expenses;
 - Canadian development expenses; or
 - Canadian oil and gas property expenses;
- incurred any foreign resource expenses;
- recaptured any earned depletion; or
- has an amount eligible for a resource allowance deduction.

The earned depletion base is defined in Regulation subsection 1205(1), and the mining exploration depletion base is defined in Regulation subsection 1203(2). You will find specific rules for claiming an earned depletion allowance in Regulation section 1201 and subsection 1202(2) and a mining exploration depletion allowance in Regulation subsection 1203(1).

Note

Do **not** include in this schedule any expenses or assistance renounced to the partnership by a principal-business corporation that invested in flow-through shares. Renounced amounts will be shown on a T101 information slip the partnership received from the principal-business corporation. Report these amounts on Form SCH 52, *Summary Information for Partnerships That Allocated Renounced Resource Expenses to Their Members*.

Chapter 17 – T5013 SCH 19, Non-resident Member Information

You can get this prescribed form from our Web site at www.cra.gc.ca/formspubs.

Complete Schedule 19 if any member of the partnership was a non-resident partner at any time during the taxation year.

Provide a list of **all** the non-resident partners, giving each non-resident partner's:

- complete Canadian and foreign addresses;
- complete Canadian social insurance number, corporation Business Number, trust account number, partnership filer identification number, or non-resident account number, whichever applies; and
- number of units in, or the percentage of, the partnership that each non-resident partner owns.

Chapter 18 – T5013 SCH 25, Investment in Foreign Affiliates

You can get this prescribed form from our Web site at www.cra.gc.ca/formspubs.

Complete Schedule 25 if:

- the non-resident members' share of the income or loss of the partnership for the year is less than 90% of the income or loss of the partnership for the year (as described in subparagraph 233.4(1)(c)(i)); and
- a non-resident corporation would be a foreign affiliate (as defined in subsection 95(1)) of the partnership at any time in the year if the partnership were a person resident in Canada.

Foreign affiliates

In addition to filing the T5013 *Partnership Information Return*, if your partnership has foreign affiliates, it may also have to file some additional information returns. For more information, see "Chapter 21 – Transactions with non-residents of Canada" starting on page 66.

Chapter 19 – T5013 SCH 50, Reconciliation of Partner's Capital Account

General

If you are preparing an amended Schedule 50, read the sections called "How to correct your T5013 *Partnership Information Return*" and "Changes to schedules, and to other forms and documents" on page 10.

Recipient code for nominees and agents

If your partnership sells interests, shares, or units through a nominee or agent, Regulation subsection 229(3) may require the nominee or agent to complete and file a T5013 *Partnership Information Return* in prescribed form for the interests that it continues to hold as nominee or agent. We added recipient code 5 to the list of recipient codes for column 4, to identify the nominees or agents for additional filing requirement purposes.

Filing requirement for nominees and agents who hold an interest in a partnership for another person

In addition to filing a T5013 or T5013A information slip for each investor, when the nominee or agent files the T5013 *Partnership Information Return*, they have to complete and file prescribed Form T5013 SCH 50, *Reconciliation of Partner's Capital Account*, on behalf of the investors if they have not provided the information to the partnership. The information on these prescribed forms **must** reconcile with the information provided on the composite T5013 or T5013A information slip the partnership issued to the nominee or agent. Schedule 50 prepared by the nominee or agent **must** provide the CRA with all the information about those investors that the partnership would otherwise provide on Schedule 50.

For more information about the filing requirements for nominees and agents, see the sections called "Nominees and agents who hold an interest in a partnership for another person" on page 12, and "Information and forms nominees or agents have to include with the T5013 *Partnership Information Return*" on page 29.

How to complete Schedule 50

Use this form to record all the changes in each partner's capital account during the fiscal period, and attach the completed form to the T5013 Summary.

This schedule requests **financial accounting** information that you take from the partnership records. Do **not** use information that you have adjusted for income tax purposes.

For each partner who was a member of the partnership during the fiscal period, give the details requested in **each** column of the schedule.

Identification

Enter the partnership's name, filer identification number, and fiscal period end at the top of the schedule.

Amended

Tick (✓) the box for "Amended" if it applies.

Column 1 – Partner's name

Enter the partner's name exactly as it appears on the T5013 or T5013A information slip for that partner.

Column 2 – Partner's identification number

Enter the same identification number that appears in box 11 of the T5013 or T5013A information slip for that partner. It can be an individual's social insurance number, a corporation's Business Number, a trust account number, or a partnership's filer identification number if the partner is a partnership.

Column 3 – Member code

Enter the partner's member code exactly as it appears in box 08 on the T5013 or T5013A information slip for that partner.

Column 4 – Recipient code

To identify the type of partner, use:

- "1" for an individual, other than a trust;
- "2" for a trust;
- "3" for a corporation;
- "4" for a partnership; or
- "5" for a **nominee, agent, broker, or advisor** that holds an interest in the partnership as nominee or agent for another person.

Column 5 – Number of partnership units held

Enter the partner's units held exactly as it appears in box 09 on the T5013 or T5013A information slip for that partner.

Column 6 – Partner's share (%) of partnership income (loss)

Enter the partner's share (%) exactly as it appears in box 10 on the T5013 or T5013A information slip for that partner.

Column 7 – Capital account at start of fiscal period

Enter each partner's amount from column 12 of the partnership's 2005 Form T5015.

Note

Do **not** adjust any current-year forms for errors made in a previous year. If the opening balance is different from the ending balance on the previous year's Form T5015, attach an amended previous-year form and a note explaining the difference.

Columns 8 to 11: Changes to the capital account during the fiscal period

Enter the amounts that report the changes to **each** partner's capital account during the fiscal period.

Column 8 – Capital the partner contributed during the fiscal period

Include for each partner only the amounts that the partnership has already received and the amounts that the partnership can legally collect.

Column 9 – Other adjustments

Include all other amounts that affect the partner's capital account and that are **not** included in another column. For example, the partner's share of an account surplus or revaluation of assets capitalized to the member's capital account.

Column 10 – Income (or loss) allocated during the fiscal period

Include all the incomes and losses allocated to each partner for the fiscal period.

Note

These amounts come from the records **not** from the "reconciled partnership net income (or loss) for income tax purposes for the fiscal period."

Column 11 – Drawings

Include as drawings for the fiscal period:

- salary or wages paid to the partner;
- the cost of products available for sale that the partner consumed;
- a partner's personal expenses that the partnership paid; and
- any other amounts or benefits the partner received or that flowed through to the partner.

Report this information even if the balance at the end of the fiscal period is negative.

Column 12 – Capital account at end of fiscal period

To calculate the partner's ending balance in the capital account, add the amounts in columns 7, 8, 9, and 10 (or subtract the amounts in columns 9 and 10 if those amounts are negative), and subtract the amount in column 11.

Totals

Enter each of the column totals for columns 5 to 12. If you use more than one Schedule 50, keep a running total from one page to the next.

Chapter 20 – GIFI schedules

Each partnership should include complete financial statement information for the taxation year of the return using the codes provided for the corporate general index of financial information (GIFI).

Note

See our income tax guide RC4088, *Guide to the General Index of Financial Information (GIFI) for Corporations*. Although that guide is for corporations, most of the instructions also apply for completing the GIFI schedules for partnerships.

GIFI schedules include:

- T5013 SCH 100, *Partnership's Balance Sheet Information*;
- T5013 SCH 125, *Partnership's Income Statement Information*, and, if necessary, Schedule 140, *Summary Statement*; and
- T5013 SCH 141, *Partnership's Financial Statement Notes Checklist*.

T5013 SCH 100, *Partnership's Balance Sheet Information*

If the partnership was inactive during the taxation year, the T5013 *Partnership Information Return* should include Schedule 100 showing the partnership's financial position at the end of the taxation year.

T5013 SCH 125, *Partnership's Income Statement Information*

An inactive (non-operating) partnership can still generate income and/or expenses in a year. It may pay a monthly service charge to maintain a bank account or it may earn interest or dividends from income producing assets it held. It may also have received income that was shown as receivable in the prior year. In this case, you will also need to complete and file Form T5013 SCH 125, *Partnership's Income Statement Information*, with the return.

T5013 SCH 140, *Summary Statement*

If you are submitting supplementary income statements, you will also need to complete and file Form 140, *Summary Statement*. That schedule is at the bottom of page 2 of Form T5013 SCH 125.

T5013 SCH 141, *Partnership's Financial Statement Notes Checklist*

Schedule 141 has questions designed to determine who prepared the financial statements and the extent of their involvement, and to identify the type of information contained in the notes to the financial statements.

Include any notes to the financial statements and the auditor or accountant's report, if they were prepared.

Chapter 21 – Transactions with non-residents of Canada

Returns required

In addition to completing the T5013 *Partnership Information Return*, if your partnership has transactions with non-residents, it may also have to complete the following information returns:

- NR4 *Return of Amounts Paid or Credited to Non-Residents of Canada*
- T4A-NR *Summary of Fees, Commissions, or Other Amounts Paid to Non-Residents for Services Rendered in Canada*
- T106 *Information Return of Non-Arm's Length Transactions With Non-Residents*
- T1134-A *Information Return Relating to Foreign Affiliates That Are Not Controlled Foreign Affiliates*
- T1134-B *Information Return Relating to Controlled Foreign Affiliates*
- T1141 *Information Return in Respect of Transfers or Loans to a Non-Resident Trust*
- T1142 *Information Return in Respect of Distributions From and Indebtedness to a Non-Resident Trust*

Payments to non-residents of Canada

In addition to completing T5013 or T5013A information slips, the partnership may also have to complete NR4 slips, *Statement of Amounts Paid or Credited to Non-Residents of Canada*, and the NR4 Summary, *Return of Amounts Paid or Credited to Non-Residents of Canada*.

If a non-resident provides services in Canada to a partnership, the partnership has to complete Form T4A-NR, *Statement of Fees, Commissions, or Other Amounts Paid to Non-Residents of Canada for Services Rendered in Canada*.

If, after reading this guide, you need more information about withholding requirements, making payments, and filing the NR4 information return or the T4A-NR information return, see our income tax guide T4061, *Non-Resident Withholding Tax Guide*.

Withholding requirements

A partnership that pays or credits, or which we consider to have paid or credited, certain amounts to non-residents has to withhold tax on the income under Part XIII of the *Income Tax Act*. These amounts include:

- management fee;
- interest;
- estate or trust income;
- rents, royalties, etc.;
- timber royalties;
- dividends, including patronage dividends, motion picture rights and acting services; and

- taxable net income stabilization account (NISA No. 2), and agricultural income stabilization (CAIS) farm income support payments.

Generally, the tax rate for tax you have to withhold is 25%. The percentage may be different under a tax convention or agreement between Canada and a foreign country.

The partnership does not have to withhold non-resident income tax from anyone whose status as a Canadian resident has been confirmed. If requested, we will authorize the Canadian payer in writing not to withhold non-resident tax from the payments.

Remit your non-resident tax deductions so that we receive them no later than 15 days after the end of the month in which you withheld the tax. We consider the payment to be received on the date the payment is received by us or at your Canadian financial institution.

To make your payment directly to us, use the remittance voucher from Form NR76, *Non-Resident Tax – Statement of Account*, and send it along with your cheque or money order payable to the Receiver General for Canada to:

Canada Revenue Agency
875 Heron Road
Ottawa ON K1A 1B1
CANADA

If you prefer to make your payment at your financial institution in Canada, take the completed remittance voucher and the payment to a teller.

Penalties for failing to withhold or to remit non-resident tax

A partnership that pays or credits, or which we consider to have paid or credited, certain amounts to or for a non-resident of Canada, but does not withhold (or remit) non-resident tax, is liable for the amount of tax that the partnership should have withheld or remitted, plus a penalty of 10% of the tax. If we have already penalized the partnership, a penalty of 20% of the tax may apply for any more failures in the same calendar year.

We charge interest, compounded daily at a prescribed rate, on the total amount of tax, penalties, and interest levied.

Both penalties and interest are payable to the Receiver General for Canada.

Non-arm's length transactions with non-residents

Complete and file Form T106, *Information Return of Non-Arm's Length Transactions With Non-Residents*, if, at any time in your partnership's fiscal period, your partnership:

- carried on a business in Canada, or included a member who was a Canadian resident;
- entered into transactions, or included a member who entered into transactions with one or more non-resident persons or partnerships with whom it was not dealing at arm's length; and
- had total reportable transactions in the fiscal period of more than \$1,000,000 for all the non-residents.

The T106 information return includes a T106 Summary and the related T106 information slips. Report all non-arm's length transactions between the partnership and the non-resident, including transactions concerning:

- tangible property;
- rents;
- royalties and intangible property;
- services; and
- advances, loans, or other accounts receivable or payable to or from a non-resident (beginning and ending balances including gross increases and decreases).

File the T106 information return no later than the date when your T5013 *Partnership Information Return* is due. If you file the T106 information return late, the partnership is liable for penalties.

Foreign affiliates

If your partnership is described in subparagraph 233.4(1)(c)(i), and has a foreign affiliate as described in subparagraph 233.4(1)(c)(ii), your partnership has to complete and file information returns for foreign affiliates no later than 15 months after the end of your partnership's taxation year. The information returns are Form T1134-A, *Information Return Relating to Foreign Affiliates That Are Not Controlled Foreign Affiliates*, and Form T1134-B, *Information Return Relating to Controlled Foreign Affiliates*.

Transfers or loans to a non-resident trust

If, in any year, your partnership made a transfer or loan to a specified foreign trust, the property is considered to have been transferred or lent by the members of the partnership. As a result, each member of your partnership has to complete and file Form T1141, *Information Return in Respect of Transfers or Loans to a Non-Resident Trust*. However, the members can elect to file jointly.

For trust taxation years that end in your partnership's taxation year, the members of the partnership (or the member designated in a joint election) have to file Form T1141 no later than the day on which you have to file your T5013 *Partnership Information Return*.

Distributions from and indebtedness to a non-resident trust

If your partnership is a beneficiary of a non-resident trust (other than an excluded trust or an estate that arose on death) and it received a distribution from or was indebted to the non-resident trust in the year, your partnership will have to complete and file Form T1142, *Information Return in Respect of Distributions From and Indebtedness to a Non-Resident Trust*.

Your partnership has to file Form T1142 no later than the day on which you have to file your T5013 *Partnership Information Return*.

Penalties for failing to file an information return

If you do not file the information returns for foreign affiliates, non-arm's length transactions with non-residents, distributions from and indebtedness to a non-resident trust, or transfers or loans to a non-resident trust when required, the partnership is subject to a penalty. The penalty is \$500 a month, to a maximum of \$12,000 for each failure. If we have served a demand for the partnership to file the return, the penalty is \$1,000 a month, to a maximum of \$24,000 for each failure. The partnership has to pay this penalty.

We can assess the partnership an additional penalty if, after 24 months, the partnership still has not filed the information return(s).

We charge interest, compounded daily at a prescribed rate, on the total amount of penalties levied. Both interest and penalties are payable to the Receiver General for Canada.

Disposing of taxable Canadian property by non-residents

When non-residents dispose of taxable Canadian property, they have to notify us of the proposed or actual disposition. They can use Form T2062, *Request by a Non-Resident of Canada for a Certificate of Compliance Related to the Disposition of a Taxable Canadian Property*.

On a proposed disposition, the seller may either prepay or provide security for the tax that may be payable. The tax is 25% of the estimated proceeds of disposition minus the adjusted cost base of the property. When we receive the notice and the tax or security, we will issue a "clearance certificate" for the non-resident and the proposed purchaser fixing the amount of the estimated proceeds of disposition (subsection 116(2)).

If the non-resident did not notify us of the proposed disposition or if the information about the proposed disposition changed, the seller has 10 days after the disposition to advise us (subsection 116(3)). When we receive the notice of actual disposition and the tax or security, we will issue a "clearance certificate" for the non-resident and the purchaser (subsection 116(4)).

If the seller does not prepay or provide security for the tax payable, the buyer may have to pay any tax owing by the seller (subsection 116(5)). This tax is 25% of the cost, or if we issued a certificate for a proposed disposition under subsection 116(2), the tax is 25% of the cost minus the proceeds of disposition (certificate limit) fixed by that certificate. The buyer has to send this amount to us no later than 30 days after the end of the month in which the property was acquired. The buyer is entitled to recover the tax paid on behalf of the seller and can withhold amounts from any later payments to the seller.

The buyer is not liable for the seller's tax if we issued a certificate under subsection 116(4) to the non-resident seller and the buyer for the actual disposition.

In addition to Form T2062, you may have to file one or more of the following:

- **for dispositions of Canadian resource property**, use Form T2062A, *Request by a Non-Resident of Canada for a Certificate of Compliance Related to the Disposition of Canadian Resource or Timber Resource Property, Canadian Real Property (Other Than Capital Property), or Depreciable Taxable Canadian Property*, and the related T2062A Schedule 1, *Disposition of Canadian Resource Property by Non-Residents*;
- **for dispositions of Canadian real property (other than capital property), Canadian timber resource property, and depreciable taxable Canadian property**, use Form T2062A; and
- **for dispositions of a life insurance policy in Canada**, use Form T2062B, *Notice of Disposition of a Life Insurance Policy in Canada by a Non-Resident of Canada*, and the related T2062B Schedule 1, *Certification and Remittance Notice*.

For detailed information about this matter, see Information Circular 72-17, *Procedures Concerning the Disposition of Taxable Canadian Property by Non-Residents of Canada – Section 116*.

Disposing of taxable Canadian property by a partnership with non-resident partners

For a disposition by a partnership with non-resident partners, we will accept one Form T2062 filed for all non-resident partners.

With the notice, we need a list of **all** the non-resident partners with each non-resident partner's:

- complete Canadian and foreign address;
- complete Canadian social insurance number, corporation Business Number, trust account number, partnership filer identification number, or non-resident account number;
- percentage of the taxable Canadian property that each non-resident partner owns; and
- amount of the prepayment or security allocated to each of the non-resident partners.

We will then issue one certificate of compliance, Form T2064(C), *Certificate with Respect to the Proposed Disposition of Property by a Non-Resident of Canada*, or Form T2068(C), *Certificate with Respect to the Disposition of Property by a Non-Resident of Canada*, and attach a list of the above information.

The partnership is responsible for giving the relevant information to each non-resident partner. Each partner's actual tax liability will be calculated when we assess each partner's return for the year.

For more information on non-residents, see the following information circulars and interpretation bulletins:

IC 76-12 *Applicable Rate of Part XIII Tax on Amounts Paid or Credited to Persons in Countries With Which Canada Has a Tax Convention*

IC 77-16 *Non-Resident Income Tax*

IT-81 *Partnerships – Income of Non-Resident Partners*

IT-155 *Exemption From Non-Resident Tax on Interest Payable on Certain Bonds, Debentures, Notes, Hypothecs, or Similar Obligations, and its Special Release*

IT-221-CONSOLID *Determination of an Individual's Residence Status*

IT-360 *Interest Payable in a Foreign Currency*

IT-361 *Exemption From Part XIII Tax on Interest Payments to Non-Residents*

Appendix A – Province, territory, and jurisdiction codes

When we ask for a two-letter code for a province, territory, or state, use the following codes:

For Canada

AB – Alberta	NL – Newfoundland and Labrador	NU – Nunavut	QC – Quebec
BC – British Columbia		ON – Ontario	SK – Saskatchewan
MB – Manitoba	NS – Nova Scotia	PE – Prince Edward Island	YT – Yukon
NB – New Brunswick	NT – Northwest Territories		

For the United States

AK – Alaska	ID – Idaho	MT – Montana	RI – Rhode Island
AL – Alabama	IL – Illinois	NC – North Carolina	SC – South Carolina
AR – Arkansas	IN – Indiana	ND – North Dakota	SD – South Dakota
AZ – Arizona	KS – Kansas	NE – Nebraska	TN – Tennessee
CA – California	KY – Kentucky	NH – New Hampshire	TX – Texas
CO – Colorado	LA – Louisiana	NJ – New Jersey	UT – Utah
CT – Connecticut	MA – Massachusetts	NM – New Mexico	VA – Virginia
DC – District of Columbia	MD – Maryland	NV – Nevada	VT – Vermont
DE – Delaware	ME – Maine	NY – New York	WA – Washington
FL – Florida	MI – Michigan	OH – Ohio	WI – Wisconsin
GA – Georgia	MN – Minnesota	OK – Oklahoma	WV – West Virginia
HI – Hawaii	MO – Missouri	OR – Oregon	WY – Wyoming
IA – Iowa	MS – Mississippi	PA – Pennsylvania	

Appendix B – Country codes

When we ask for a three-letter code for a country, use the following codes:

Country	Code	Country	Code	Country	Code
Afghanistan	AFG	Costa Rica	CRI	Iran, Islamic Republic of	IRN
Åland Islands	ALA	Côte d'Ivoire (Ivory Coast)	CIV	Iraq	IRQ
Albania	ALB	Croatia	HRV	Ireland	IRL
Algeria	DZA	Cuba	CUB	Isle of Man	IMN
American Samoa	ASM	Cyprus	CYP	Israel	ISR
Andorra	AND	Czech Republic	CZE	Italy	ITA
Angola	AGO	Denmark	DNK	Ivory Coast	CIV
Anguilla	AIA	Djibouti	DJI	Jamaica	JAM
Antarctica	ATA	Dominica	DMA	Japan	JPN
Antigua and Barbuda	ATG	Dominican Republic	DOM	Jersey	JEY
Argentina	ARG	Ecuador	ECU	Jordan	JOR
Armenia	ARM	Egypt	EGY	Kazakhstan	KAZ
Aruba	ABW	El Salvador	SLV	Kenya	KEN
Australia	AUS	Equatorial Guinea	GNQ	Kiribati	KIR
Austria	AUT	Eritrea	ERI	Korea, Democratic People's	
Azerbaijan	AZE	Estonia	EST	Republic of (North)	PRK
Azores	AZO	Ethiopia	ETH	Korea, Republic of (South)	KOR
Bahamas	BHS	Falkland Islands (Malvinas)	FLK	Kuwait	KWT
Bahrain	BHR	Faroe Islands	FRO	Kyrgyzstan	KGZ
Bangladesh	BGD	Fiji	FJI	Lao People's Democratic	
Barbados	BRB	Finland	FIN	Republic	LAO
Belarus	BLR	France	FRA	Latvia	LVA
Belgium	BEL	French Guiana	GUF	Lebanon	LBN
Belize	BLZ	French Polynesia	PYF	Lesotho	LSO
Benin	BEN	French Southern Territories (including		Liberia	LBR
Bermuda	BMU	Amsterdam Island, Crozet Islands,		Libyan Arab Jamahiriya	LYB
Bhutan	BTN	the Kerguelen Islands, and		Liechtenstein	LIE
Bolivia	BOL	Saint Paul Island)	ATF	Lithuania	LTU
Bosnia and Herzegovina	BIH	Gabon	GAB	Luxembourg	LUX
Botswana	BWA	Gambia	GMB	Macao	MAC
Bouvet Island	BVT	Georgia	GEO	Macedonia, the Former Yugoslav	
Brazil	BRA	Germany	DEU	Republic of	MKD
British Indian Ocean Territory	IOT	Ghana	GHA	Madagascar	MDG
British Virgin Islands	VGB	Gibraltar	GIB	Madeira Islands	MDR
Brunei Darussalam	BRN	Greece	GRC	Malawi	MWI
Bulgaria	BGR	Greenland	GRL	Malaysia	MYS
Burkina Faso (Upper Volta)	BFA	Grenada	GRD	Maldives	MDV
Burundi	BDI	Guadeloupe	GLP	Mali	MLI
Cambodia (Kampuchea)	KHM	Guam	GUM	Malta	MLT
Cameroon	CMR	Guatemala	GTM	Marshall Islands	MHL
Campione	CMP	Guernsey	GGY	Martinique	MTQ
Canada	CAN	Guinea	GIN	Mauritania	MRT
Canary Islands	CNP	Guinea-Bissau	GNB	Mauritius	MUS
Cape Verde	CPV	Guyana	GUY	Mayotte	MYT
Cayman Islands	CYM	Haiti	HTI	Mexico	MEX
Central African Republic	CAF	Heard Island and		Micronesia, Federated States of	FSM
Chad	TCD	McDonald Islands	HMD	Moldova, Republic of	MDA
Chile	CHL	Holy See (Vatican City State)	VAT	Monaco	MCO
China (Mainland)	CHN	Honduras	HND	Mongolia	MNG
Christmas Island (Australia)	CXR	Hong Kong	HKG	Montenegro	MNE
Cocos (Keeling) Islands	CCK	Hungary	HUN	Montserrat	MSR
Columbia	COL	Iceland	ISL	Morocco	MAR
Comoros	COM	India	IND	Mozambique	MOZ
Congo	COG	Indian Ocean Territory, British	IOT	Myanmar (Burma)	MMR
Congo, Democratic Republic of		Indonesia	IDN		
(formerly Zaire)	COD				
Cook Islands	COK				

Country	Code	Country	Code	Country	Code
Namibia	NAM	Saint Helena	SHN	Timor-Leste	TLS
Nauru	NRU	Saint Kitts and Nevis	KNA	Togo	TGO
Nepal	NPL	Saint Lucia	LCA	Tokelau	TKL
Netherlands	NLD	Saint Pierre and Miquelon	SPM	Tonga	TON
Netherlands Antilles (Bonaire, Curacao, and St. Maarten)	ANT	Saint Vincent and the Grenadines	VCT	Trinidad and Tobago	TTO
New Caledonia	NCL	Samoa	WSM	Tunisia	TUN
New Zealand	NZL	San Marino	SMR	Turkey	TUR
Nicaragua	NIC	Sao Tome and Principe	STP	Turkmenistan	TKM
Niger	NER	Saudi Arabia	SAU	Turks and Caicos Islands	TCA
Nigeria	NGA	Senegal	SEN	Tuvalu	TUV
Niue	NIU	Serbia	SRB	Uganda	UGA
Norfolk Island	NFK	Seychelles	SYC	Ukraine	UKR
Northern Ireland	GBR	Sierra Leone	SLE	United Arab Emirates	ARE
Northern Mariana Islands	MNP	Singapore	SGP	United Kingdom (including Northern Ireland)	GBR
Norway	NOR	Slovakia (Slovak Republic)	SVK	United States of America	USA
Occupied Palestinian Territory	PSE	Slovenia	SVN	United States Minor Outlying Islands	UMI
Oman	OMN	Solomon Islands	SLB	Uruguay	URY
Pakistan	PAK	Somalia	SOM	Uzbekistan	UZB
Palau	PLW	South Africa	ZAF	Vanuatu (New Hebrides)	VUT
Palestinian Territory, Occupied	PSE	South Georgia and the South Sandwich Islands	SGS	Vatican City State (Holy See)	VAT
Panama	PAN	Spain	ESP	Venezuela	VEN
Papua New Guinea	PNG	Sri Lanka	LKA	Viet Nam	VNM
Paraguay	PRY	Sudan	SDN	Virgin Islands, British	VGB
Peru	PER	Surinam	SUR	Virgin Islands, U.S.	VIR
Philippines	PHL	Svalbard and Jan Mayen	SJM	Wallis and Futuna	WLF
Pitcairn	PCN	Swaziland	SWZ	Western Sahara	ESH
Poland	POL	Sweden	SWE	Yemen	YEM
Portugal	PRT	Switzerland	CHE	Zambia	ZMB
Puerto Rico	PRI	Syrian Arab Republic	SYR	Zimbabwe	ZWE
Qatar	QAT	Taiwan	TWN	All other countries	OMC
Reunion	REU	Tajikistan	TJK		
Romania	ROU	Tanzania United Republic of	TZA		
Russian Federation	RUS	Thailand	THA		
Rwanda	RWA				

Appendix C – Reference publications

You can get the following publications on our Web site at www.cra.gc.ca, or by calling 1-800-959-2221. The publications will help you prepare the T5013 *Partnership Information Return*.

Interpretation bulletins

IT-79	<i>Capital Cost Allowance – Buildings or Other Structures</i>	IT-397	<i>Amounts Excluded From Income – Statutory Exemptions and Certain Service or RCMP Pensions, Allowances and Compensation, and its Special Release</i>
IT-81	<i>Partnerships – Income of Non-Resident Partners</i>	IT-400	<i>Exploration and Development Expenses – Meaning of Principal-Business Corporation, and its Special Release</i>
IT-90	<i>What Is a Partnership?</i>	IT-407-CONSOLID	<i>Dispositions of Cultural Property to Designated Canadian Institutions</i>
IT-95	<i>Foreign Exchange Gains and Losses</i>	IT-413	<i>Election by Members of a Partnership Under Subsection 97(2)</i>
IT-123	<i>Transactions Involving Eligible Capital Property</i>	IT-419	<i>Meaning of Arm's Length</i>
IT-143	<i>Meaning of Eligible Capital Expenditure</i>	IT-430-CONSOLID	<i>Life Insurance Proceeds Received by a Private Corporation or a Partnership as a Consequence of Death</i>
IT-147	<i>Capital Cost Allowance – Accelerated Write-Off of Manufacturing and Processing Machinery and Equipment</i>	IT-434	<i>Rental of Real Property by Individual, and its Special Release</i>
IT-151-CONSOLID	<i>Scientific Research and Experimental Development Expenditures</i>	IT-443	<i>Leasing Property – Capital Cost Allowance Restrictions</i>
IT-155	<i>Exemption From Non-Resident Tax on Interest Payable on Certain Bonds, Debentures, Notes, Hypothecs, or Similar Obligations, and its Special Release</i>	IT-477-CONSOLID	<i>Capital Cost Allowance – Patents, Franchises, Concessions and Licences</i>
IT-179	<i>Change of Fiscal Period</i>	IT-478	<i>Capital Cost Allowance – Recapture and Terminal Loss</i>
IT-195	<i>Rental Property – Capital Cost Allowance Restrictions</i>	IT-484	<i>Business Investment Losses</i>
IT-221-CONSOLID	<i>Determination of an Individual's Residence Status</i>	IT-491	<i>Former Business Property, and its Special Release</i>
IT-232	<i>Losses – Their Deductibility in the Loss Year or in Other Years</i>		
IT-242	<i>Retired Partners</i>		
IT-244	<i>Gifts by Individuals of Life Insurance Policies as Charitable Donations</i>		
IT-259	<i>Exchanges of Property</i>		
IT-270	<i>Foreign Tax Credit</i>		
IT-273	<i>Government Assistance – General Comments</i>		
IT-274	<i>Rental Properties – Capital Cost of \$50,000 or More</i>		
IT-278	<i>Death of a Partner or of a Retired Partner</i>		
IT-285	<i>Capital Cost Allowance – General Comments</i>		
IT-288	<i>Gifts of Capital Properties to a Charity and Others</i>		
IT-297	<i>Gifts in Kind to Charity and Others</i>		
IT-360	<i>Interest Payable in a Foreign Currency</i>		
IT-361	<i>Exemption From Part XIII Tax on Interest Payments to Non-Residents</i>		
IT-364	<i>Commencement of Business Operations</i>		
IT-371	<i>Rental Property – Meaning of Principal Business</i>		

Archived interpretation bulletins

The following interpretation bulletins are archived and kept for historical purposes. We no longer print them, but you can get them through our Web site at www.cra.gc.ca/menu/ITSA-e.html. These bulletins may contain law not currently in force.

IT-283	<i>Capital Cost Allowance – Video Tapes, Videotape Cassettes, Films, Computer Software and Master Recording Media (Archived)</i>
IT-336	<i>Capital Cost Allowance – Pollution Control Property (Archived)</i>
IT-338	<i>Partnership Interests – Effects on Adjusted Cost Base Resulting From the Admission or Retirement of a Partner (Archived)</i>
IT-353	<i>Partnership Interest – Some Adjustments to Cost Base (Archived)</i>

Information circulars

- IC 71-14 *The Tax Audit*
- IC 72-17 *Procedures Concerning the Disposition of Taxable Canadian Property by Non-Residents of Canada – Section 116*
- IC 73-13 *Investment Clubs, and its Special Release*
- IC 76-12 *Applicable Rate of Part XIII Tax on Amounts Paid or Credited to Persons in Countries with which Canada has a Tax Convention*
- IC 77-16 *Non-Resident Income Tax*
- IC 78-4 *Investment Tax Credit Rates, and its Special Release*
- IC 78-10 *Books and Records Retention/Destruction*
- IC 82-2 *Social Insurance Number Legislation That Relates to the Preparation of Information Slips*
- IC 86-4 *Scientific Research and Experimental Development*
- IC 89-4 *Tax Shelter Reporting*
- IC 89-5 *Partnership Information Return, and its Special Release*
- IC 92-2 *Guidelines for the Cancellation and Waiver of Interest and Penalties*
- IC 97-2 *Customized Forms*
- IC 05-1 *Electronic Record Keeping*

Other publications

- T4002 *Business and Professional Income*
- T4003 *Farming Income*
- RC4060 *Farming Income and the CAIS Program*
- RC4408 *Farming Income and the CAIS Program Harmonized Guide*
- T4004 *Fishing Income*
- RC4015 *Reconciliation of Business Income for Tax Purposes*
- T4012 *T2 Corporation – Income Tax Guide*
- T4036 *Rental Income*
- T4037 *Capital Gains*
- T4061 *Non-Resident Withholding Tax Guide*
- T4067 *Guide for the Tax Shelter Information Return*
- T4088 *Claiming Scientific Research and Experimental Development Expenditures – Guide to Form T661*
- RC4088 *Guide to the General Index of Financial Information (GIFI) for Corporations*
- RC4089 *General Index of Financial Information – GIFI – Short Form*
- RC4409 *Keeping Records*
- T7B-CORP *Corporation Instalment Guide*
- P110 *Paying Your Income Tax by Instalments*
- P113 *Gifts and Income Tax*

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Contacting us

Once you file a T5013 *Partnership Information Return*, the information on it becomes confidential. For this reason, we follow certain procedures before giving out information about the partnership. We can give information only to an authorized representative. The authorized representative could be an accountant, lawyer, or tax preparer acting for the members of the partnership.

Getting information in person

If you visit us, we will ask for:

- personal identification, which may be one piece of signed identification with your picture or two pieces of signed identification; and
- partnership identification, which may be a copy of the T5013 *Partnership Information Return*, a copy of the *Notice of Assessment* (if we issued one), or other information about the contents of the T5013 *Partnership Information Return*.

If your representative visits us, we will ask for the same identification. We will also ask for evidence that you have authorized this person.

Some of the partnership's tax information is readily available, and we can give it to you as soon as we confirm that you are authorized to receive it. However, you need to make an appointment to ensure that the information you need will be available when you visit. You can book an appointment from your home or office by calling Business Enquiries at 1-800-959-5525. The telephone agent will book an appointment, if required, at a time that is convenient for you.

Getting information by telephone

If you call us, we will ask for:

- your name, address, and position or title; and
- partnership information that we can verify from the partnership documents we have on file. This will allow us to give you the information you need.

If a representative calls us, we will ask for evidence that this person is authorized by the partnership. The evidence may include any partnership-related information.

If the information you need is not readily available, we may have to call you back. At that time, we will ask you for

information we can verify before giving you the information you need.

Giving or cancelling an authorization

You can authorize a representative, or cancel an authorization already given, by writing to us or by sending us a completed Form RC59, *Business Consent Form*. You can get this form from our Web site or by calling 1-800-959-2221.

The authorization or cancellation of an authorization should include:

- the name, complete address, and filer identification number or Business Number of the partnership;
- your representative's name and telephone number—only the business name of a firm or partnership has to appear, unless authorization is to be restricted to a certain member;
- the taxation year or years to which the authorization, or cancellation of the authorization applies; and
- your signature and title as the authorized signing person, your telephone number, and the date.

You have to complete a separate authorization or consent form for each representative appointed or cancelled for a taxation year or years.

Sending information by fax

Use our fax service for correspondence only. Because this service relies on the telephone network, we are not responsible for misdirected, incomplete, or unclear documents.

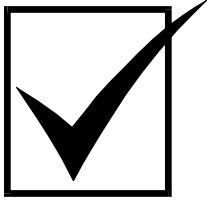
Problem Resolution Program

We are always looking at ways to make it easier for you to file your information return and to resolve any problems you may have.

If you have questions, concerns, or a problem, you can write us, or call Business Enquiries at 1-800-959-5525.

If your problem still cannot be resolved through the above usual channels, you should get in touch with the Problem Resolution Program co-ordinator at your tax services office. The address and telephone number for this office are listed in the government pages of your telephone book.

Your opinion counts!



We review our income tax guides and pamphlets each year. If you have any comments or suggestions to help us improve them, we would like to hear from you!

Please send your comments to:

**Taxpayer Services Directorate
Canada Revenue Agency
750 Heron Road
Ottawa ON K1A 0L5**