



**Credit Union Deductions  
(2015 and later tax years)**

Corporation's name	Business number	Tax year-end Year      Month      Day
--------------------	-----------------	--

- For use by a credit union to calculate the deduction from income for bonus interest payments and payments pursuant to allocations in proportion to borrowing under subsection 137(2) of the federal *Income Tax Act*. You can also use it to calculate the additional deduction from Part I tax payable under subsection 137(3) of the Act.
- The expressions **allocation in proportion to borrowing**, **bonus interest payment**, and **maximum cumulative reserve** are defined in subsection 137(6) of the Act.
- Bonus interest payments and payments pursuant to allocations in proportion to borrowing are deductible if paid to the credit union's members within the tax year, or within the following 12 months, if these payments were not deductible under subsection 137(2) of the Act in calculating the income of the credit union for the previous tax year.
- For more information, see Guide T4012, *T2 Corporation – Income Tax Guide*.
- If you need more space, attach additional schedules.

**Part 1 – Allocations in proportion to borrowing claimed as a deduction for the tax year**

	Interest payable by all members of class <b>100</b>	Amount of money borrowed by all members of class <b>200</b>	Allocation in proportion to borrowing <b>300</b>
1.			
2.			
3.			
4.			
5.			
Total allocations in proportion to borrowing			<b>305</b>

**Part 2 – Bonus interest payments claimed as a deduction for the tax year**

	Interest payable to all members of class <b>110</b>	Amount of money on deposit by all members of class <b>210</b>	Bonus interest payments <b>310</b>
1.			
2.			
3.			
4.			
5.			
Total bonus interest payments			<b>315</b>

Total of lines 305 and 315 \_\_\_\_\_ **A**

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

**Part 3 – Additional deduction**

Taxable income for the tax year (from line 360 of the <i>T2 Corporation Income Tax Return</i> )	<b>500</b>	B
4/3 × maximum cumulative reserve at the end of the tax year	<b>600</b>	
<b>Minus:</b> Preferred-rate amount at the end of the previous tax year (amount I below)		
<b>Total</b> (line 600 <b>minus</b> the preferred-rate amount at the end of the previous tax year, if negative, enter "0")		C
Amount B or C, whichever is less		D
<b>Minus:</b> Amount on line 400, 405, 410, or 425 on page 4 of the T2 return, whichever is the least	<b>625</b>	
<b>Total</b> (amount D <b>minus</b> line 625, if negative, enter "0")		E
Amount E × $\frac{\text{Number of days in the tax year in 2014}}{\text{Number of days in the tax year}} \times 60\% =$		1
Amount E × $\frac{\text{Number of days in the tax year in 2015}}{\text{Number of days in the tax year}} \times 40\% =$		2
Amount E × $\frac{\text{Number of days in the tax year in 2016}}{\text{Number of days in the tax year}} \times 20\% =$		3
<b>Note:</b> For days in the tax year after December 31, 2016, the additional deduction is eliminated.		
<b>Subtotal</b> (total of amounts 1 to 3)		F
Amount F × $\frac{\text{Number of days in the tax year before January 1, 2016}}{\text{Number of days in the tax year}} \times 17\% =$		G
Amount F × $\frac{\text{Number of days in the tax year in 2016}}{\text{Number of days in the tax year}} \times 17.5\% =$		H
<b>Additional deduction</b> (amount G <b>plus</b> amount H)	<b>650</b>	
Enter the amount from line 650 on line 628 of the T2 return.		

**Part 4 – Preferred-rate amount at the end of the tax year**

Preferred-rate amount at the end of the previous tax year (enter the amount from line 800 of Schedule 17 from the previous tax year, if applicable)	<b>700</b>	
Preferred-rate amount transferred on amalgamation/wind-up	<b>750</b>	
<b>Subtotal</b> (line 700 <b>plus</b> line 750)		I
Small business deduction for the tax year (line 430 of the T2 return)	a	
<b>Plus:</b> Additional deduction for credit unions (line 650 above)	b	
<b>Total</b>	c	
Amount c × $\frac{\text{Number of days in the tax year in 2015}}{\text{Number of days in the tax year}} \div 17\% =$		4
Amount c × $\frac{\text{Number of days in the tax year in 2016}}{\text{Number of days in the tax year}} \div 17.5\% =$		5
Amount c × $\frac{\text{Number of days in the tax year in 2017}}{\text{Number of days in the tax year}} \div 18\% =$		6
Amount c × $\frac{\text{Number of days in the tax year in 2018}}{\text{Number of days in the tax year}} \div 18.5\% =$		7
Amount c × $\frac{\text{Number of days in the tax year in 2019}}{\text{Number of days in the tax year}} \div 19\% =$		8
<b>Subtotal</b> (total of amounts 4 to 8)		J
<b>Preferred-rate amount at the end of the tax year</b> (amount I <b>plus</b> amount J)	<b>800</b>	