

**NEWMARKET-TAY POWER DISTRIBUTION LTD.  
OEB INTERROGATORIES  
EB-2007-0776  
2007 PROXY TAX RETURN**



This form serves as a federal, provincial, and territorial corporation income tax return, unless the corporation is located in Quebec, Ontario, or Alberta. If the corporation is located in one of these provinces, you have to file a separate provincial corporation return.

Parts, sections, subsections, and paragraphs mentioned on this return refer to the *Income Tax Act*. This return may contain changes that had not yet become law at the time of printing.

Send one completed copy of this return, including schedules and the *General Index of Financial Information* (GIFI), to your tax services office or tax centre. You have to file the return within six months after the end of the corporation's tax year.

For more information see [www.cra.gc.ca](http://www.cra.gc.ca) or the T2 Corporation – Income Tax Guide (T4012).

065 Do not use this area

Identification	
Business number (BN) 001 86907 7925 RC 0001	Corporation's name 002 Newmarket Hydro Ltd.
Has the corporation changed its name since the last time you filed your T2 return? 003 <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	If Yes, do you have a copy of the articles of amendment? 004 <input type="checkbox"/> Yes <input type="checkbox"/> No (Do Not Submit)
Address of head office Has this address changed since the last time you filed your T2 return? (If yes, complete lines 011 to 018) 011 590 Steven Court 012 City Province, territory, or state 015 Newmarket 016 ON Country (other than Canada) Postal code/Zip code 017 018 L3Y 6Z2	To which tax year does this return apply? From 060 2007/01/01 to 061 2007/12/31 Has there been an acquisition of control to which subsection 249(4) applies since the previous tax year? 063 <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If yes, provide the date control was acquired 065
Mailing address (if different from head office address) Has this address changed since the last time you filed your T2 return? (If yes, complete lines 021 to 028) 021 c/o 022 590 Steven Court 023 City Province, territory, or state 025 Newmarket 026 ON Country (other than Canada) Postal code/Zip code 027 028 L3Y 6Z2	Is the date on line 061 a deemed tax year-end in accordance with subsection 249(3.1)? 066 <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Is the corporation a professional corporation that is a member of a partnership? 067 <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Is this the first year of filing after: Incorporation? 070 <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Amalgamation? 071 <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If yes, complete lines 030 to 038 and attach Schedule 24.
Location of books and records Has the location of books and records changed since the last time you filed your T2 return? (If yes, complete lines 031 to 038) 031 590 Steven Court 032 City Province, territory, or state 035 Newmarket 036 ON Country (other than Canada) Postal code/Zip code 037 038 L3Y 6Z2	Has there been a wind-up of a subsidiary under section 88 during the current tax year? 072 <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If yes, complete and attach Schedule 24. Is this the final tax year before amalgamation? 076 <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Is this the final return up to dissolution? 078 <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Is the corporation a resident of Canada? 080 <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If no, give the country of residence on line 081 and complete and attach Schedule 97. 081 Is the non-resident corporation claiming an exemption under an income tax treaty? 082 <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If yes, complete and attach Schedule 91.
040 Type of corporation at the end of the tax year 1 <input checked="" type="checkbox"/> Canadian-controlled private corporation (CCPC) 2 <input type="checkbox"/> Other private corporation 3 <input type="checkbox"/> Public corporation 4 <input type="checkbox"/> Corporation controlled by a public corporation 5 <input type="checkbox"/> Other corporation (specify, below) If the type of corporation changed during the tax year, provide the effective date of the change 043	If the corporation is exempt from tax under section 149, tick one of the following boxes: 085 1 <input type="checkbox"/> Exempt under paragraph 149(1)(e) or (l) 2 <input type="checkbox"/> Exempt under paragraph 149(1)(j) 3 <input type="checkbox"/> Exempt under paragraph 149(1)(t) 4 <input type="checkbox"/> Exempt under other paragraphs of section 149
Do not use this area	
091	092
100	093
	094
	095
	096

**Attachments****Financial statement information:** Use GIFI schedules 100, 125, and 141.**Schedules** - Answer the following questions. For each Yes response, attach to the T2 return the schedule that applies.

	Yes	Schedule
Is the corporation related to any other corporations?	150 <input checked="" type="checkbox"/>	9
Is the corporation an associated CCPC?	160 <input checked="" type="checkbox"/>	23
Is the corporation an associated CCPC that is claiming the expenditure limit?	161 <input type="checkbox"/>	49
Does the corporation have any non-resident shareholders?	151 <input type="checkbox"/>	19
Has the corporation had any transactions, including section 85 transfers, with its shareholders, officers, or employees, other than transactions in the ordinary course of business? Exclude non-arm's length transactions with non-residents	162 <input type="checkbox"/>	11
If you answered Yes to the above question, and the transaction was between corporations not dealing at arm's length, were all or substantially all of the assets of the transferor disposed of to the transferee?	163 <input type="checkbox"/>	44
Has the corporation paid any royalties, management fees, or other similar payments to residents of Canada?	164 <input type="checkbox"/>	14
Is the corporation claiming a deduction for payments to a type of employee benefit plan?	165 <input type="checkbox"/>	15
Is the corporation claiming a loss or deduction from a tax shelter acquired after August 31, 1989?	166 <input type="checkbox"/>	T5004
Is the corporation a member of a partnership for which a partnership identification number has been assigned?	167 <input type="checkbox"/>	T5013
Did the corporation, a foreign affiliate controlled by the corporation, or any other corporation or trust that did not deal at arm's length with the corporation have a beneficial interest in a non-resident discretionary trust?	168 <input type="checkbox"/>	22
Did the corporation have any foreign affiliates during the year?	169 <input type="checkbox"/>	25
Has the corporation made any payments to non-residents of Canada under subsections 202(1) and/or 105(1) of the federal <i>Income Tax Regulations</i> ?	170 <input type="checkbox"/>	29
Has the corporation had any non-arm's length transactions with a non-resident?	171 <input type="checkbox"/>	T106
For private corporations: Does the corporation have any shareholders who own 10% or more of the corporation's common and/or preferred shares?	173 <input checked="" type="checkbox"/>	50
Has the corporation made payments to, or received amounts from, a retirement compensation plan arrangement during the year?	172 <input type="checkbox"/>	---
Is the net income/loss shown on the financial statements different from the net income/loss for income tax purposes?	201 <input checked="" type="checkbox"/>	1
Has the corporation made any charitable donations; gifts to Canada, a province, or a territory; gifts of cultural or ecological property; or gifts of medicine?	202 <input type="checkbox"/>	2
Has the corporation received any dividends or paid any taxable dividends for purposes of the dividend refund?	203 <input type="checkbox"/>	3
Is the corporation claiming any type of losses?	204 <input type="checkbox"/>	4
Is the corporation claiming a provincial or territorial tax credit or does it have a permanent establishment in more than one jurisdiction?	205 <input type="checkbox"/>	5
Has the corporation realized any capital gains or incurred any capital losses during the tax year?	206 <input type="checkbox"/>	6
i) Is the corporation claiming the small business deduction and reporting income from: a) property (other than dividends deductible on line 320 of the T2 return), b) a partnership, c) a foreign business, or d) a personal services business; or		
ii) Is the corporation claiming the refundable portion of Part I tax?	207 <input type="checkbox"/>	7
Does the corporation have any property that is eligible for capital cost allowance?	208 <input checked="" type="checkbox"/>	8
Does the corporation have any property that is eligible capital property?	210 <input checked="" type="checkbox"/>	10
Does the corporation have any resource-related deductions?	212 <input type="checkbox"/>	12
Is the corporation claiming reserves of any kind?	213 <input type="checkbox"/>	13
Is the corporation claiming a patronage dividend deduction?	216 <input type="checkbox"/>	16
Is the corporation a credit union claiming a deduction for allocations in proportion to borrowing or an additional deduction?	217 <input type="checkbox"/>	17
Is the corporation an investment corporation or a mutual fund corporation?	218 <input type="checkbox"/>	18
Was the corporation carrying on business in Canada as a non-resident corporation?	220 <input type="checkbox"/>	20
Is the corporation claiming any federal or provincial foreign tax credits, or any federal or provincial logging tax credits?	221 <input type="checkbox"/>	21
Does the corporation have any Canadian manufacturing and processing profits?	227 <input type="checkbox"/>	27
Is the corporation claiming an investment tax credit?	231 <input type="checkbox"/>	31
Is the corporation claiming any scientific research and experimental development (SR&ED) expenditures?	232 <input type="checkbox"/>	T661
Is the total taxable capital employed in Canada of the corporation and its related corporations over \$10,000,000?	233 <input checked="" type="checkbox"/>	---
Is the total taxable capital employed in Canada of the corporation and its associated corporations over \$10,000,000?	234 <input type="checkbox"/>	---
Is the corporation claiming a surtax credit?	237 <input type="checkbox"/>	37
Is the corporation subject to gross Part VI tax on capital of financial institutions?	238 <input type="checkbox"/>	38
Is the corporation claiming a Part I tax credit?	242 <input type="checkbox"/>	42
Is the corporation subject to Part IV.1 tax on dividends received on taxable preferred shares or Part VI.1 tax on dividends paid?	243 <input type="checkbox"/>	43
Is the corporation agreeing to a transfer of the liability for Part VI.1 tax?	244 <input type="checkbox"/>	45
Is the corporation subject to Part II - Tobacco Manufacturers' surtax?	249 <input type="checkbox"/>	46
For financial institutions: Is the corporation a member of a related group of financial institutions with one or more members subject to gross Part VI tax?	250 <input type="checkbox"/>	39
Is the corporation claiming a Canadian film or video production tax credit refund?	253 <input type="checkbox"/>	T1131
Is the corporation claiming a film or video production services tax credit refund?	254 <input type="checkbox"/>	T1177
Is the corporation subject to Part XIII.1 tax?	255 <input type="checkbox"/>	92 *

\* We do not print this schedule.

**Attachments - Continued from page 2**

	Yes	Schedule
Did the corporation have any foreign affiliates that are not controlled foreign affiliates?	256 <input type="checkbox"/>	T1134-A
Did the corporation have any controlled foreign affiliates?	258 <input type="checkbox"/>	T1134-B
Did the corporation own specified foreign property in the year with a cost amount over \$100,000?	259 <input type="checkbox"/>	T1135
Did the corporation transfer or loan property to a non-resident trust?	260 <input type="checkbox"/>	T1141
Did the corporation receive a distribution from or was it indebted to a non-resident trust in the year?	261 <input type="checkbox"/>	T1142
Has the corporation entered into an agreement to allocate assistance for SR&ED carried out in Canada?	262 <input type="checkbox"/>	T1145
Has the corporation entered into an agreement to transfer qualified expenditures incurred in respect of SR&ED contracts?	263 <input type="checkbox"/>	T1146
Has the corporation entered into an agreement with other associated corporations for salary or wages of specified employees for SR&ED?	264 <input type="checkbox"/>	T1174
Did the corporation pay taxable dividends (other than capital gains dividends) in the tax year?	265 <input type="checkbox"/>	55
Has the corporation made an election under subsection 89(11) not to be a CCPC?	266 <input type="checkbox"/>	T2002
Has the corporation revoked any previous election made under subsection 89(11)?	267 <input type="checkbox"/>	T2002
Did the corporation (CCPC or deposit insurance corporation (DIC)) pay eligible dividends, or did its general rate income pool (GRIP) change in the tax year?	268 <input type="checkbox"/>	53
Did the corporation (other than a CCPC or DIC) pay eligible dividends, or did its low rate income pool (LRIP) change in the tax year?	269 <input type="checkbox"/>	54

**Additional information**

Is the corporation inactive?	280	1 Yes <input type="checkbox"/>	2 No <input checked="" type="checkbox"/>
Has the major business activity changed since the last return was filed? (enter yes for first-time filers)	281	1 Yes <input type="checkbox"/>	2 No <input checked="" type="checkbox"/>
What is the corporation's major business activity? (Only complete if yes was entered at line 281.)	282		
If the major business activity involves the resale of goods, show whether it is wholesale or retail	283	1 Wholesale <input type="checkbox"/>	2 Retail <input type="checkbox"/>
Specify the principal product(s) mined, manufactured, sold, constructed, or services provided, giving the approximate percentage of the total revenue that each product or service represents.	284 Electricity Distribution	285 100.000 %	
	286	287 %	
	288	289 %	
Did the corporation immigrate to Canada during the tax year?	291	1 Yes <input type="checkbox"/>	2 No <input checked="" type="checkbox"/>
Did the corporation emigrate from Canada during the tax year?	292	1 Yes <input type="checkbox"/>	2 No <input checked="" type="checkbox"/>

**Taxable income**

Net income or (loss) for income tax purposes from Schedule 1, financial statements, or GIFL	300	5,517,205	A
Deduct:			
Charitable donations from Schedule 2	311		
Gifts to Canada, a province, or a territory from Schedule 2	312		
Cultural gifts from Schedule 2	313		
Ecological gifts from Schedule 2	314		
Gifts of medicine from Schedule 2	315		
Taxable dividends deductible under section 112 or 113, or subsection 138(6) from Schedule 3	320		
Part VI.1 tax deduction *	325		
Non-capital losses of previous tax years from Schedule 4	331		
Net capital losses of previous tax years from Schedule 4	332		
Restricted farm losses of previous tax years from Schedule 4	333		
Farm losses of previous tax years from Schedule 4	334		
Limited partnership losses of previous tax years from Schedule 4	335		
Taxable capital gains or taxable dividends allocated from a central credit union	340		
Prospector's and grubstaker's shares	350		
Subtotal			B
Subtotal (amount A minus amount B) (if negative, enter "0")		5,517,205	C
Add: Section 110.5 additions or subparagraph 115(1)(a)(vii) additions	355		D
Taxable income (amount C plus amount D)	360	5,517,205	
Income exempt under paragraph 149(1)(i)	370		
Taxable income for a corporation with exempt income under paragraph 149(1)(i) (line 360 minus line 370)			Z

\* This amount is equal to 3 times the Part VI.1 tax payable at line 724 on page 8.

**Small business deduction**

Canadian-controlled private corporations (CCPCs) throughout the tax year

Income from active business carried on in Canada from Schedule 7 400 5,517,205 A

Taxable income from line 360 on page 3, minus 10/3 of the amount on line 632 on page 7, minus 3 times the amount on line 636 on page 7, and minus any amount that, because of federal law, is exempt from Part I tax 405 5,517,205 B

**Calculation of the business limit:**

For all CCPCs, calculate the amount at line 4 below.

$$\begin{array}{rcl} \$300,000 \times & \text{Number of days in the tax year in 2005} & \\ & \text{and in 2006} & \\ & \text{Number of days in the tax year} & 365 \\ & & = 1 \end{array}$$

$$\begin{array}{rcl} \$400,000 \times & \text{Number of days in the tax year after 2006} & 365 \\ & \text{Number of days in the tax year} & 365 \\ & & = 400,000 \quad 2 \end{array}$$

Add amounts at lines 1 and 3 400,000 4

Business limit (see notes 1 and 2 below) 410 400,000 C

Notes: 1. For CCPCs that are not associated, enter the amount from line 4 on line 410. However, if the corporation's tax year is less than 51 weeks, prorate the amount from line 4 by the number of days in the tax year divided by 365, and enter the result on line 410.

2. For associated CCPCs, use Schedule 23 to calculate the amount to be entered on line 410.

**Business limit reduction:**

$$\begin{array}{rcl} \text{Amount C} & 400,000 \times & 415 \\ & & 11,250 \quad D \\ & & 11,250 \\ & & = 400,000 \quad E \end{array}$$

Reduced business limit (amount C minus amount E) (if negative, enter "0") 425 0 F

**Small business deduction**

$$\begin{array}{rcl} \text{Amount A, B, C, or F} & & \text{Number of days in the tax year before} \\ \text{whichever is the least} & \times & \text{January 1, 2008} \\ & & 365 \\ & & \text{Number of days in the tax year} & 365 \\ & & \times 16\% = 5 \end{array}$$

$$\begin{array}{rcl} \text{Amount A, B, C, or F} & & \text{Number of days in the tax year after} \\ \text{whichever is the least} & \times & \text{Dec.31, 2007} \\ & & 365 \\ & & \text{Number of days in the tax year} & 365 \\ & & \times 17\% = 6 \end{array}$$

Total of amounts 5 and 6 - enter on line 9 of page 7430 0 G

**Resource deduction**

Taxable resource income [as defined in subsection 125.11(1)] 435 H

$$\begin{array}{rcl} \text{Amount H} & \times & \text{Number of days in the tax year in 2005} \\ & & \text{Number of days in the tax year} & 365 \\ & & \times 3\% = I \end{array}$$

$$\begin{array}{rcl} \text{Amount H} & \times & \text{Number of days in the tax year in 2006} \\ & & \text{Number of days in the tax year} & 365 \\ & & \times 5\% = J \end{array}$$

$$\begin{array}{rcl} \text{Amount H} & \times & \text{Number of days in the tax year in 2007} \\ & & \text{Number of days in the tax year} & 365 \\ & & \times 7\% = K \end{array}$$

Resource deduction - total of amounts I and J 438 L

(enter amount L on line 10 of page 7)

### General tax reduction for Canadian-controlled private corporations

Canadian-controlled private corporations throughout the tax year

Taxable income from line 360 on page 3		6,517,205		A
Amount Z from Part 9 of Schedule 27	x 100 / 7 =	B		
Amount QQ from Part 13 of Schedule 27		C		
Taxable resource income from line 435 on page 4		D		
Amount used to calculate the credit union deduction (from Schedule 17)		E		
Amount on line 400, 405, 410, or 425 on page 4, whichever is the least		F		
Aggregate investment income from line 440 of page 6		G		
Total of amounts B, C, D, E, F, and G		H		
Amount A minus amount H (if negative, enter "0")		I	5,517,205	
Amount I	5,517,205	x	Number of days in the tax year before January 1, 2008 365 Number of days in the tax year 365	x 7% = 386,204 J
Amount I	5,517,205	x	Number of days in the tax year after Dec. 31, 2007 and before Jan. 1, 2009 365	x 8.5% = K
General tax reduction for Canadian-controlled private corporations - total of amounts J and K				386,204 L
Enter amount L on line 638 of page 7				

### General tax reduction

Do not complete this area if you are a Canadian-controlled private corporation, an investment corporation, a mortgage investment corporation, or a mutual fund corporation, and for tax years starting after May 1, 2006, any corporation with taxable income that is not subject to the corporation tax rate of 38%.

Taxable income from line 360 on page 3 (for tax years starting after May 1, 2006, Amount Z on page 3)				M
Amount Z from Part 9 of Schedule 27	x 100 / 7 =	N		
Amount QQ from Part 13 of Schedule 27		O		
Taxable resource income from line 435 on page 4		P		
Amount used to calculate the credit union deduction (from Schedule 17)		Q		
Total of amounts N, O, P, and Q		R		
Amount M minus amount R (if negative, enter "0")		S		
Amount S		x	Number of days in the tax year before January 1, 2008 Number of days in the tax year	x 7% = T
Amount S		x	Number of days in the tax year after Dec. 31, 2007 and before Jan. 1, 2009 Number of days in the tax year	x 8.5% = U
General tax reduction - total of amounts T and U				V
Enter amount V on line 639 of page 7.				

**Refundable portion of Part I tax**

Canadian-controlled private corporations throughout the tax year

Aggregate investment income 440 X 26 2/3 % =                      A  
(from Schedule 7)Foreign non-business income tax credit from line 632 on page 7                     

Deduct:

Foreign investment income 445 X 9 1/3 % =                      B  
(from Schedule 7) (if negative, enter "0")Amount A minus amount B (if negative, enter "0")                      CTaxable income from line 360 on page 3 5,517,205

Deduct:

Amount on line 400, 405, 410, or 425 on page 4,  
whichever is the least                     Foreign non-business income tax credit  
from line 632 of page 7 x 25/9 =                     Foreign business income tax credit from  
line 636 of page 7 x 3 =                     5,517,205 X 26 2/3 % = 1,471,255 DPart I tax payable minus investment tax credit refund  
(line 700 minus line 780 from page 8) 1,220,408Deduct: Corporate surtax from line 600 of page 7 61,793Net amount 1,158,613 1,158,613 ERefundable portion of Part I tax – Amount C, D, or E, whichever is the least 450 0 F**Refundable dividend tax on hand**Refundable dividend tax on hand at the end of the previous tax year 460Deduct: Dividend refund for the previous tax year 465                      G

Add the total of:

Refundable portion of Part I tax from line 450 above                     Total Part IV tax payable from Schedule 3                     Net refundable dividend tax on hand transferred from a predecessor  
corporation on amalgamation, or from a wound-up subsidiary  
corporation 480                                          HRefundable dividend tax on hand at the end of the tax year – Amount G plus amount H 485 0**Dividend refund**

Private and subject corporations at the time taxable dividends were paid in the tax year

Taxable dividends paid in the tax year from line 460 on page 2 of

Schedule 3                      X 1/3                      IRefundable dividend tax on hand at the end of the tax year from line 485 above                      JDividend refund – Amount I or J, whichever is less (enter this amount on line 784 of page 8)                      0

**Part I tax****Base amount of Part I tax**

taxable income from page 3 (line 360 or amount Z, whichever applies) multiplied by 38% 550 2,098,538 A

**Corporate surtax calculation**

Base amount from line A above 2,098,538 1

**Deduct:**

10% of taxable income (line 360 or amount Z, whichever applies) from page 3 551,721 2

Investment corporation deduction from line 620 below 3

Federal logging tax credit from line 640 below 4

Federal qualifying environmental trust tax credit from line 648 below 5

For a mutual fund corporation or an investment corporation throughout the tax year, enter amount a, b, or c below on line 6, whichever is the least:

28% of taxable income from line 360 on page 3 a

28% of taxed capital gains b 6

Part I tax otherwise payable

(line A plus lines C and D minus line F) 1,158,613 c

Total of lines 2 to 6 551,721 7

Net amount (line 1 minus line 7) 1,544,817 8

**Corporate surtax\***

Line 8 1,544,817 x  $\frac{\text{Number of days in the tax year before January 1, 2008}}{\text{Number of days in the tax year}}$   $\frac{365}{365} \times 4\% =$  600 61,793 B

\*The corporate surtax is zero effective January 1, 2008.

Recapture of investment tax credit from Schedule 31 602 C

**Calculation for the refundable tax on the Canadian-controlled private corporation's (CCPC) investment income (if it was a CCPC throughout the tax year)**

Aggregate investment income from line 440 on page 4 i

Taxable income from line 360 on page 3 5,517,205

**Deduct:**

Amount on line 400, 405, 410, or 425 of page 4, whichever is the least

Net amount 5,517,205 ii

Refundable tax on CCPC's investment income – 6 2/3% of whichever is less: amount i or ii 604 D

Subtotal (add lines A, B, C, and D) 2,158,331 E

**Deduct:**

Small business deduction from line 430 on page 4 9

Federal tax abatement 608 551,721

Manufacturing and processing profits deduction from Schedule 27 616

Investment corporation deduction 620

(taxed capital gains 624)

Additional deduction – credit unions from Schedule 17 628

Federal foreign non-business income tax credit from Schedule 21 632

Federal foreign business income tax credit from Schedule 21 636

Resource deduction from line 438 on page 4 10

General tax reduction for CCPCs from amount L on page 5 638 386,204

General tax reduction from amount V on page 5 639

Federal logging tax credit from Schedule 21 640

Federal political contribution tax credit 644

Federal political contributions 646

Federal qualifying environmental trust tax credit 648

Investment tax credit from Schedule 31 652

Subtotal 937,925 F

Part I tax payable – Line E minus line F 1,220,406 G

Enter amount G on line 700 of page 8.



**Summary of tax and credits****Federal tax**

Part I tax payable from page 7	700	1,220,406
Part I.3 tax payable from Schedule 33, 34, or 35	704	
Part II surtax payable from Schedule 46	708	
Part III.1 tax payable from Schedule 55	710	
Part IV tax payable from Schedule 3	712	
Part IV.1 tax payable from Schedule 43	716	
Part VI tax payable from Schedule 38	720	
Part VI.1 tax payable from Schedule 43	724	
Part XIII.1 tax payable from Schedule 92	727	
Part XIV tax payable from Schedule 20	728	
<b>Total federal tax</b>		<b>1,220,406</b>

**Add provincial or territorial tax:**

Provincial or territorial jurisdiction	750 ON
(If more than one jurisdiction, enter "multiple" and complete Schedule 5)	
Net provincial or territorial tax payable (except Quebec, Ontario and Alberta)	760
Provincial tax on large corporations (New Brunswick and Nova Scotia)	765

Total federal tax 1,220,406

Total tax payable 770 1,220,406 A

**Deduct other credits:**

Investment tax credit refund from Schedule 31	780
Dividend refund from page 6	784
Federal capital gains refund from Schedule 18	788
Federal qualifying environmental trust tax credit refund	792
Canadian film or video production tax credit refund (Form T1131)	796
Film or video production services tax credit refund (Form T1177)	797
Tax withheld at source	800
Total payments on which tax has been withheld	801
Provincial and territorial capital gains refund from Schedule 18	808
Provincial and territorial refundable tax credits from Schedule 5	812
Tax instalments paid	840
<b>Total credits</b>	<b>890</b>

B

Refund Code 894 2 Overpayment

Balance (line A minus line B) 1,220,406 I

**Direct Deposit Request**

To have the corporation's refund deposited directly into the corporation's bank account at a financial institution in Canada, or to change banking information you already gave us, complete the information below:

☐ Start ☐ Change information 910

Branch number

914 918

Institution number Account number

If the result is negative, you have an overpayment.

If the result is positive, you have a balance unpaid.

Enter the amount on whichever line applies.

Generally, we do not charge or refund a difference of \$2 or less.

Balance unpaid 1,220,406

Enclosed payment 898

If the corporation is a Canadian-controlled private corporation throughout the tax year, does it qualify for the one-month extension of the date the balance of tax is due?

896 1 Yes ☐ 2 No ☒ NA ☐**Certification**

I, 950 Clinton Last name 951 Iain First name 954 Chief Financial Officer Position, office or rank

am an authorized signing officer of the corporation. I certify that I have examined this return, including accompanying schedules and statements, and that the information given on this return is, to the best of my knowledge, correct and complete. I further certify that the method of calculating income for this tax year is consistent with that of the previous year except as specifically disclosed in a statement attached to this return.

955 2008/12/05

Date

Signature of the authorized signing officer of the corporation

956 (905) 953-8548

Telephone number

Is the contact person the same as the authorized signing officer? If no, complete the information below. 957 1 Yes ☐ 2 No ☒

958 Iain Clinton, CA

Name

959 (905) 953-8548

Telephone number

**Language of correspondence - Langue de correspondance**990 Language of choice/Langue de choix 1 English / Anglais ☒ 2 Français / French ☐

Canada Revenue  
Agency Agence du revenu  
du Canada**NET INCOME (LOSS) FOR INCOME TAX PURPOSES****Schedule 1**

- The purpose of this schedule is to provide a reconciliation between the corporation's net income (loss) as reported on the financial statements and its net income (loss) for tax purposes. For more information, see the *T2 Corporation Income Tax Guide*.
- Please provide us with the applicable details in the identification area, and complete the applicable lines that contain a numbered black box. You should report amounts in accordance with the Generally Accepted Accounting Principles (GAAP).
- Sections, subsections, and paragraphs referred to on this schedule are from the *Income Tax Act*.

Net income (loss) after taxes and extraordinary items per financial statements A 2,185,800

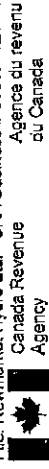
**Add:**

Provision for income taxes - current	101	1,925,000	
Amortization of tangible assets	104	3,730,952	
Loss on disposal of assets	111	978,683	
Non-deductible meals and entertainment expenses 20,000 X 50%	121	10,000	
Reserves from financial statements - balance at the end of the year	126	834,000	
Total of fields 101 to 199	500	7,478,635	▶ 7,478,635

**Deduct:**

Capital cost allowance from Schedule 8	403	3,230,333	
Cumulative eligible capital deduction from Schedule 10	405	111,954	
Reserves from financial statements - balance at the beginning of the year	414	804,943	
Total of fields 401 to 499	510	4,147,230	▶ 4,147,230

Net income (loss) for income tax purposes - enter on line 300 on page 3 of the T2 return 5,517,205



## CAPITAL COST ALLOWANCE

Schedule 8

For more information, see the section called "Capital Cost Allowance" in the T2 Corporation Income Tax Guide.

Is the corporation electing under regulation 1101(5q)? 101 1 Yes ☐ 2 No ☒

1 Class	2 UCC at start of year	3 Cost of additions in the year	4 Net adjustments	5 Proceeds of dispositions in the year	7 Adjustment for additions (1/2 x (col 3 - 5))	8 Base amount for CCA	9 Rate %	10 Recapture of CCA	11 Terminal loss	12 CCA for the year (col 8 x 9 or a lower amount)	13 UCC at the end of the year
200	201	203	205	207	211		212	213	215	217	220
1	32,293,848	170,980			85,490	32,379,338	4			1,282,970	31,181,858
3	7,127					7,127	5			352	6,775
8	3,100,301	55,715			27,858	3,128,158	20			603,884	2,552,132
10	1,340,225	418,997		7,000	205,999	1,546,223	30			427,963	1,324,259
17	60,059					60,059	8			4,720	55,339
2	7,244,610					7,244,610	6			428,921	6,815,689
13	201,032	29,019			14,510	215,541				47,912	182,139
45							45				
12							100				
8							20				
47	2,270,718	8,131,335	(1,354,200)		4,065,668	4,982,185	8			433,611	8,614,242
47							8				
47							8				
47							8				
47							8				
Totals	46,517,920	8,806,046	(1,354,200)	7,000	4,399,525	49,563,241				3,230,333	50,732,433

Canada Customs  
and Revenue AgencyAgence des douanes  
et du revenu du Canada

## RELATED AND ASSOCIATED CORPORATIONS

## Schedule 9

This form is to be completed by a corporation having one or more of the following:

- related corporation(s)
- associated corporation(s)

Name 100	Country (if not Canada) 200	Business # (Canadian corporation only) 300	Code note 1 400	Common shares		Preferred shares		Book value of capital stock
				# owned	% owned	# owned	% owned	
Newmarket Hydro Holdings Inc		86514 2632 RC 0001	1	500	550	600	650	700
Unipower Holdings Ltd		86553 9399 RC 0001	3					3,802,779
1443393 Ontario Inc		89239 7613 RC 0001	3					
1443394 Ontario Inc		86553 9191 RC 0001	3					
1443396 Ontario Inc		86553 8995 RC 0001	3					
1443397 Ontario Inc		89239 7217 RC 0001	3					
1443398 Ontario Inc		86553 8797 RC 0001	3					
1402318 Ontario Inc		86709 9772 RC 0001	3					
		RC						

Note 1 : Enter the code number of the relationship that applies: 1 - Parent 2 - Subsidiary 3 - Associated 4 - Related, but not associated

**CUMULATIVE ELIGIBLE CAPITAL DEDUCTION****Schedule 10****Part 1 - Calculation of current year deduction and carry-forward****Cumulative eligible capital - Balance at the end of the preceding taxation year (if negative, enter "0")** 200 1,599,347 A**Add: Cost of eligible capital property acquired**

during the taxation year 222

Other adjustments 226

Subtotal (line 222 plus line 226) x 3/4 = B

Non-taxable portion of a non-arm's length  
transferor's gain realized on the transfer of  
an eligible capital property to the corporation

after December 20, 2002 228 x 1/2 = C

amount B minus amount C (if negative, enter "0") D

Amount transferred on amalgamation or wind-up of subsidiary 224 E

Subtotal (add amounts A, D, and E) 230 1,599,347 F

**Deduct: Proceeds of sale (less outlays and expenses not otherwise  
deductible) from the disposition of all eligible capital property**

during the taxation year 242 G

The gross amount of a reduction in respect of a forgiven debt  
obligation as provided for in subsection 80(7) 244 H

Other adjustments 246 I

(add amounts G, H, and I) x 3/4 = 248 J

**Cumulative eligible capital balance (amount F minus amount J)**

(if amount K is negative, enter "0" at line M and proceed to Part 2) 1,599,347 K

**Cumulative eligible capital for a property no longer owned after ceasing to carry  
on that business** 249

amount K 1,599,347

less amount from line 249

**Current year deduction** 1,599,347 x 7% = 250 111,954 \*

(line 249 plus line 250) (enter this amount at line 405 of Schedule 1) 111,954 L

**Cumulative eligible capital - Closing balance (amount K minus amount L) (if negative, enter "0")** 300 1,487,393 M

\* You can claim any amount up to the maximum deduction of 7%. The deduction may not exceed the maximum amount prorated by the number of days in the taxation year divided by 365.

**Part 2 - Amount to be included in income arising from disposition****Amount from line K (show as positive amount)** N**Total of cumulative eligible capital (CEC) deductions from income for  
taxation years beginning after June 30, 1988** 400 1**Total of all amounts which reduced CEC in the current or prior years under  
subsection 80(7)** 401 2**Total of CEC deductions claimed for taxation years  
beginning before July 1, 1988** 402 3**Negative balances in the CEC account that were  
included in income for taxation years beginning  
before July 1, 1988** 408 4**Line 3 minus line 4 (if negative, enter "0")** 5**Total of lines 1, 2, and 5** 6**Amounts included in income under paragraph 14(1)(b), as  
that paragraph applied to taxation years ending after  
June 30, 1988 and before February 28, 2000, to the extent  
that it is for an amount described at line 400** 7**Amounts at line T from Schedule 10 of previous  
taxation years ending after February 27, 2000** 8**Subtotal (line 7 plus line 8)** 409 9**Line 6 minus line 9 (if negative, enter "0")** O**Line N minus line O (if negative, enter "0")** P**Line 5** x 1/2 = Q**Line P minus line Q (if negative, enter "0")** R**Amount R** x 66.6667 S**Amount N or amount O, whichever is less** T**Amount to be included in income (amount S plus amount T) (enter this amount on line 108 of Schedule 1)** 410

**AGREEMENT AMONG ASSOCIATED CANADIAN-CONTROLLED PRIVATE CORPORATIONS TO  
ALLOCATE THE BUSINESS LIMIT**

- For use by a Canadian-controlled private corporation (CCPC) to identify all associated corporations and to assign a percentage for each associated corporation. This percentage will be used to allocate the business limit for purposes of the small business deduction. Information from this schedule will also be used to determine the date the balance of tax is due and to calculate the reduction to the business limit.
- An associated CCPC that has more than one tax year ending in a calendar year, is required to file an agreement for each tax year ending in that calendar year.

- Column 1:** Enter the legal name of each of the corporations in the associated group, including non-CCPCs and CCPCs that have filed an election under subsection 256(2) of the *Income Tax Act* not to be associated for purposes of the small business deduction.
- Column 2:** Provide the Business Number for each corporation (if a corporation is not registered, enter "NR").
- Column 3:** Enter the association code that applies to each corporation:  
 1 - Associated for purposes of allocating the business limit (unless code 5 applies)  
 2 - CCPC that is a "third corporation" that has elected under subsection 256(2) not to be associated for purposes of the small business deduction.  
 3 - Non-CCPC that is a "third corporation" as defined in subsection 256(2)  
 4 - Associated non-CCPC  
 5 - Associated CCPC to which code 1 does not apply because of a subsection 256(2) election made by a "third corporation"
- Column 4:** Enter the business limit for the year of each corporation in the associated group. The business limit is computed at line 4 on page 4 of each respective corporation's T2 return.
- Column 5:** Assign a percentage to allocate the business limit to each corporation that has an association code 1 in column 3. The total of all percentages in column 5 cannot exceed 100%.
- Column 6:** Enter the business limit allocated to each corporation by multiplying the amount in column 4 by the percentage in column 5. Add all business limits allocated in column 6 and enter the total at line A. Ensure that the total at line A falls within the range for the calendar year to which the agreement applies:

Calendar year	Acceptable range
2004	\$225,001 to \$250,000
2005	\$250,001 to \$300,000
2006	maximum \$300,000
2007	\$300,001 to \$400,000

If the calendar year to which this agreement applies is after 2007, ensure that the total at line A does not exceed \$400,000.

**Allocating the business limit**

Date filed (do not use this area)

025

Enter the calendar year to which the agreement applies

050

2007

Is this an amended agreement for the above-noted calendar year that is intended to replace an agreement previously filed by any of the associated corporations listed below?

075

1 Yes

☒ 2 No

1	Names of associated corporations	2	Business Number of associated corporations	3	Association code
100		200		300	
1	Newmarket Hydro Ltd.	86907 7925 RC 0001		1	
2	Newmarket Hydro Holdings Inc	86514 2632 RC 0001		1	
3	Unipower Holdings Ltd	86553 9399 RC 0001		1	
4	1443393 Ontario Inc	89239 7613 RC 0001		1	
5	1443394 Ontario Inc	86553 9191 RC 0001		1	
6	1443396 Ontario Inc	86553 8995 RC 0001		1	
7	1443397 Ontario Inc	89239 7217 RC 0001		1	
8	1443398 Ontario Inc	86553 8797 RC 0001		1	
9	1402318 Ontario Inc	86709 9772 RC 0001		1	
		RC			

Allocate business limit using: ☒ % ☐ \$

	Taxation year		4 Business limit for the year (before allocation) \$	Allocating business limit		
	Start	End		5 Percentage of the business limit (%)	6 Business limit allocated \$	7 Gross Part 1.3 tax for business limit reduction
				350	400	
1	2007/01/01	2007/12/31	400,000	100,000	400,000	101,701
2	2007/01/01	2007/12/31	400,000			
3	2007/01/01	2007/12/31	400,000			
4	2007/01/01	2007/12/31	400,000			
5	2007/01/01	2007/12/31	400,000			
6	2007/01/01	2007/12/31	400,000			
7	2007/01/01	2007/12/31	400,000			

**AGREEMENT AMONG ASSOCIATED CCPCs TO ALLOCATE THE BUSINESS LIMIT**

	Taxation year		4 Business limit for the year (before allocation) \$	Allocating business limit		
				5 Percentage of the business limit (%)	6 Business limit allocated \$	7 Gross Part 1.3 tax for business limit reduction
	Start	End		350	400	
8	2007/01/01	2007/12/31	400,000			
9	2007/01/01	2007/12/31	400,000			
TOTALS				100.000	A 400,000	101,701

If the taxation year of the corporation filing this form is less than 51 weeks, enter the prorated business limit in this box.

\$ 400,000

**Business limit reduction under subsection 125(5.1) of the ITA**

The business limit reduction is calculated in the small business deduction area of the T2 return. One of the factors used in this calculation is the "Large corporation amount" at line 415 of the T2 return. If the corporation is a member of an associated group\*\* of corporations in the current tax year, the amount at line 415 of the T2 return is equal to  $0.225\% \times (A - \$10,000,000)$  where, "A" is the total of taxable capital employed in Canada\*\*\* of each corporation in the associated group for its last tax year ending in the preceding calendar year.

\* Each corporation will enter on line 410 of the T2 return, the amount allocated to it in column 6. However, if the corporation's tax year is less than 51 weeks, prorate the amount in column 6 by the number of days in the tax year divided by 365, and enter the result on line 410 of the T2 return.

Special rules apply if a CCPC has more than one tax year ending in a calendar year and is associated in more than one of those years with another CCPC that has a tax year ending in the same calendar year. In this case, the business limit for the second (or subsequent) tax year(s) will be equal to the lesser of the business limit determined for the first tax year ending in the calendar year and the business limit determined for the second (or subsequent) tax year(s) ending in the same calendar year.

\*\* The associated group includes the corporation filing this schedule and each corporation that has an "association code" of 1 or 4 in column 3.

\*\*\* "Taxable capital employed in Canada" has the meaning assigned by subsection 181.2(1) or 181.3(1) or section 181.4 of the ITA.

Canada Revenue  
AgencyAgence du revenu  
du Canada**PART 1.3 TAX ON LARGE CORPORATIONS****Schedule 33**

- File this schedule if the total taxable capital employed in Canada of the corporation (other than a financial institution or an insurance corporation) and its related corporations is greater than \$10,000,000.
- Even if there is no Part 1.3 tax payable for the days in the tax year that are after 2005, you must still complete this schedule (except parts 5 and 9).
- Parts, sections, subsections, and paragraphs referred to on this schedule are from the *Income Tax Act* and the *Income Tax Regulations*.
- Subsection 181(1) defines the terms "financial institution", "long-term debt" and "reserves".
- Subsection 181(3) provides the basis to determine the carrying value of a corporation's assets or any other amount under Part 1.3 for its capital, investment allowance, taxable capital, or taxable capital employed in Canada, or for a partnership in which it has an interest.
- No Part 1.3 tax is payable for a taxation year by a corporation that was:
  - bankrupt [as defined by subsection 128(3)] at the end of the year;
  - a deposit insurance corporation throughout the year, as defined by subsection 137.1(5), or deemed to be a deposit insurance corporation by subsection 137.1(6.1);
  - exempt from tax under section 149 throughout the year on all of its taxable income;
  - neither resident in Canada nor carrying on a business through a permanent establishment in Canada at any time in the year; or
  - a corporation described in subsection 136(2) throughout the year, the principal business of which was marketing (including any related processing) natural products belonging to or acquired from its members or customers.
- File the completed Schedule 33 with the *T2 Corporation Income Tax Return* no later than six months from the end of the tax year.
- This schedule may contain changes that had not yet become law at the time of printing.

If the corporation was a non-resident of Canada throughout the year and carried on a business through a permanent establishment in Canada, go to Part 4, "Taxable capital employed in Canada."

**Part 1 - Capital**

Add the following amounts at the end of the year:

Reserves that have not been deducted in computing income for the year under Part I

101 712,363

Capital stock (or members' contributions if incorporated without share capital) 103 25,240,392

Retained earnings 104 1,016,050

Contributed surplus 105

Any other surpluses 106

Deferred unrealized foreign exchange gains 107

All loans and advances to the corporation 108

All indebtedness of the corporation represented by bonds, debentures, notes,

mortgages, hypothecary claims, bankers' acceptances, or similar obligations 109 30,251,442

Any dividends declared but not paid by the corporation before the end of the year 110

All other indebtedness of the corporation (other than any indebtedness for a lease)

that has been outstanding for more than 365 days before the end of the year 111

Proportion of the amount, if any, by which the total of all amounts (see note

below) for the partnership of which the corporation is a member at the end of the

year exceeds the amount of the partnership's deferred unrealized foreign

exchange losses 112

Subtotal 57,220,247 ▶ 57,220,247 A

Deduct the following amounts:

Deferred tax debit balance at the end of the year 121

Any deficit deducted in computing its shareholders' equity (including, for this purpose, the amount of any provision for the redemption of preferred shares) at the end of the year 122

Any amount deducted under subsection 135(1) in computing income under Part I for the year, as long as the amount may reasonably be regarded as being

included in any of lines 101 to 112 above 123

The amount of deferred unrealized foreign exchange losses at the end of the year 124

Subtotal ▶ B

Capital for the year (amount A minus amount B) (if negative, enter "0") 190 57,220,247



**PART 1.3 TAX ON LARGE CORPORATIONS****Part 2 - Investment allowance**

Add the carrying value at the end of the year of the following assets of the corporation:

A share of another corporation	401
A loan or advance to another corporation (other than a financial institution)	402
A bond, debenture, note, mortgage, hypothecary claim, or similar obligation of another corporation (other than a financial institution)	403
Long-term debt of a financial institution	404
A dividend receivable on a share of the capital stock of another corporation	405
A loan or advance to, or a bond, debenture, note, mortgage, hypothecary claim, or similar obligation of, a partnership all of the members of which, throughout the year, were other corporations (other than financial institutions) that were not exempt from tax under Part 1.3 [other than by reason of paragraph 181.1(3)(d)]	406
An interest in a partnership	407
Investment allowance for the year (add lines 401 to 407)	490

**Part 3 - Taxable capital**

Capital for the year (line 190)	57,220,247	C
Deduct: Investment allowance for the year (line 490)		D
Taxable capital for the year (amount C minus amount D) (if negative, enter "0")	500 57,220,247	

**Part 4 - Taxable capital employed in Canada**

To be completed by a corporation that was resident in Canada at any time in the year

Taxable capital for the year (line 500)	Taxable income earned in Canada	Taxable capital employed in Canada
57,220,247	610 5,517,205	690 57,220,247
	Taxable income	5,517,205

- Notes:** 1. Regulation 8601 gives details on calculating the amount of taxable income earned in Canada.  
 2. Where a corporation's taxable income for a tax year is "0," it shall, for the purposes of the above calculation, be deemed to have a taxable income for that year of \$1,000.  
 3. In the case of an airline corporation, Regulation 8601 should be considered when completing the above calculation.

To be completed by a corporation that was a non-resident of Canada throughout the year and carried on a business through a permanent establishment in Canada

Total of all amounts each of which is the carrying value at the end of the year of an asset of the corporation used in the year or held in the year, in the course of carrying on any business it carried on during the year through a permanent establishment in Canada 701

Deduct the following amounts:

Corporation's indebtedness at the end of the year [other than indebtedness described in any of paragraphs 181.2(3)(c) to (f)] that may reasonably be regarded as relating to a business it carried on during the year through a permanent establishment in Canada 711

Total of all amounts each of which is the carrying value at the end of year of an asset described in subsection 181.2(4) of the corporation that it used in the year, or held in the year, in the course of carrying on any business during the year through a permanent establishment in Canada 712

Total of all amounts each of which is the carrying value at the end of year of an asset of the corporation that is a ship or aircraft the corporation operated in international traffic, or personal or movable property used or held by the corporation in carrying on any business during the year through a permanent establishment in Canada 713

Total deductions (add lines 711, 712, and 713) E

Taxable capital employed in Canada (line 701 minus amount E) (if negative, enter "0") 790

**PART 1.3 TAX ON LARGE CORPORATIONS****Part 5 - Calculation of gross Part 1.3 tax**

If the tax year starts after 2005, do not complete this part.

Taxable capital employed in Canada (line 690 or 790, whichever applies)		57,220,247
<b>Deduct:</b>	Capital deduction claimed for the year (enter \$50,000,000 or, for related corporations, the amount allocated on Schedule 36)	50,000,000
Excess of taxable capital employed in Canada over capital deduction		811
Line 811	$\frac{\text{Number of days in the tax year in 2004}}{\text{Number of days in the tax year}} \times 0.002 =$	F
Line 811	$\frac{\text{Number of days in the tax year in 2005}}{\text{Number of days in the tax year}} \times 0.00175 =$	G
<b>Note:</b> The Part 1.3 tax rate is reduced to 0% for the days in the tax year that are after 2005.		
Subtotal (add amounts F and G)		H
Where the tax year of a corporation is less than 51 weeks, calculate the amount of gross Part 1.3 tax as follows:		
Amount H	$\frac{\text{Number of days in the year}}{365} \times$	I
Gross Part 1.3 tax (amount H or I, whichever applies)		820

**Part 6 - Calculation of gross Part 1.3 tax for purposes of the unused surtax credit**

Taxable capital employed in Canada (line 690 or 790, whichever applies)		57,220,247	J
<b>Deduct:</b>	Capital deduction claimed for the year (enter \$50,000,000 or, for related corporations, the amount allocated on Schedule 36)	50,000,000	K
Excess (amount J minus amount K) (if negative, enter "0")		47,220,247	L
Amount L	$47,220,247 \times 0.00225 =$	106,246	M
Where the tax year of a corporation is less than 51 weeks, calculate the amount of gross Part 1.3 tax for purposes of the unused surtax credit as follows:			
Amount M	$\frac{\text{Number of days in the year}}{365} \times$		N
Gross Part 1.3 tax for purposes of the unused surtax credit (amount M or N, whichever applies)		106,246	821

**PART I.3 TAX ON LARGE CORPORATIONS****Part 7 - Calculation of current-year surtax credit available**

- Corporations can claim a credit against their Part I.3 tax for the amount of Canadian surtax payable for the year. This is called the surtax credit.
- Any unused surtax credit can be carried back three years or carried forward seven years. Unused surtax credits must be applied in order of the oldest first.
- Refer to subsection 181.1(7) when calculating the amount deductible for a corporation's unused surtax credits where control of the corporation has been acquired between the year in which the credits arose and the year in which you want to claim them.

For a corporation that was a non-resident of Canada throughout the year, enter amount a or b at line O, whichever is less:

a) line 600 from the T2 return \_\_\_\_\_ a  
 b) line 700 from the T2 return \_\_\_\_\_ b \_\_\_\_\_ O

In any other case, enter amount c or d at line P, whichever is less:

c) line 600 from the T2 return 61,793 x (line 690 + line 500) = 61,793 c  
 d) line 700 from the T2 return 1,220,408 d 61,793 P

Current-year surtax credit available (amount O or P, whichever applies) 830 61,793

**Part 8 - Calculation of current-year unused surtax credit**

Current-year surtax credit available (line 830) 61,793  
 Less: Gross Part I.3 tax for purposes of the unused surtax credit (line 821) 106,246

Current-year unused surtax credit (if negative, enter "0") 850  
 Enter this amount at line 600 on Schedule 37.

**Part 9 - Calculation of net Part I.3 tax payable**

If the tax year starts after 2005, do not complete this part.

Gross Part I.3 tax (line 820) \_\_\_\_\_ Q  
 Deduct:  
 Current-year surtax credit applied (line 820 or 830, whichever is less) 861  
 Unused surtax credit from previous years applied (amount from line 320 on Schedule 37) 862  
 Subtotal (cannot be more than amount on line 820) \_\_\_\_\_ R  
 Net Part I.3 tax payable (amount Q minus amount R) 870  
 Enter this amount at line 704 of the T2 return.

**Part 10 - Calculation for purposes of the small business deduction**

This part is applicable only to corporations that are not associated in the current year, but were associated in the prior year.

Taxable capital employed in Canada (line 690 or 790, whichever applies) 57,220,247 S  
 Deduct:  
 Capital deduction claimed for the year (enter \$10,000,000) 10,000,000 T  
 Excess (amount S minus amount T) (if negative, enter "0") 47,220,247 U  
 Gross Part I.3 tax for purposes of the small business deduction (Amount U x 0.00225) 106,246 V  
 Enter this amount at line 415 of the T2 return.

Canada Revenue  
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du Canada

Schedule 36

**AGREEMENT AMONG RELATED CORPORATIONS - PART 1.3 TAX**

- Corporations related at any time in their tax year that ends in the calendar year of the agreement should use this schedule to allocate the capital deduction of \$50,000,000 among the members of the related group if:
  - any member applies the surtax credit against Part 1.3 tax in a tax year starting before January 1, 2006; or
  - any member wants to carry back an unused surtax credit against Part 1.3 tax to a tax year starting before January 1, 2006.
- According to subsection 181.5(7) of the *Income Tax Act*, a Canadian-controlled private corporation is not considered to be related to another corporation for the capital deduction unless it is also associated with that corporation.
- In cases where a related corporation has more than one tax year ending in a calendar year, it has to file this agreement for each of those tax years.
- According to subsection 181.5(5), where a corporation has more than one tax year ending in the same calendar year and is related in two or more of those tax years to another corporation that has a tax year ending in that calendar year, the capital deduction of the first corporation for each such tax year at the end of which it is related to the other corporation is an amount equal to its capital deduction for the first such tax year.
- Any corporation in the related group may file this agreement on behalf of the group. However, if an agreement is not already on file with us when we assess any of the returns for a tax year ending in the calendar year of the agreement, we will ask for one.

**Agreement**

Date filed (do not use this area) \_\_\_\_\_ 010 \_\_\_\_\_

Is this an amended agreement? \_\_\_\_\_ 020 ☐ 1 Yes ☒ 2 No

Calendar year to which the agreement applies \_\_\_\_\_ 030 \_\_\_\_\_ 2007

**Note:** This agreement must include all the information indicated below for all members of the related group, including members to which no amount of capital deduction is allocated for the year. However, any member that is exempt from Part 1.3 tax under subsection 181.1(3) of the *Income Tax Act* does not have to be included.

Name of each corporation that is a member of the related group 200	Business number (if a corporation is not registered, enter "NR") 300	Allocation of capital deduction for the year \$ 400
Newmarket Hydro Ltd.	86907 7925 RC 0001	50,000,000
Newmarket Hydro Holdings Inc	86514 2632 RC 0001	0
Unipower Holdings Ltd	86553 9399 RC 0001	0
1443393 Ontario Inc	89239 7613 RC 0001	0
1443394 Ontario Inc	86553 9191 RC 0001	0
1443396 Ontario Inc	86553 8995 RC 0001	0
1443397 Ontario Inc	89239 7217 RC 0001	0
1443398 Ontario Inc	86553 8797 RC 0001	0
1402318 Ontario Inc	86709 9772 RC 0001	0
	RC	0
Total (cannot be more than \$50,000,000)		50,000,000

**SHAREHOLDER INFORMATION****Schedule 50**

All private corporations must complete this schedule for any shareholder who holds 10% or more of the corporation's common and/or preferred shares.

Name of shareholder (after name, indicate in brackets if the shareholder is a corporation, partnership, individual or trust)	Business Number (If a corporation is not registered, enter "NR") *	Social Insurance Number *	Trust Number (If a trust number is not available, enter "NA") *	Percentage common shares	Percentage preferred shares
100	200	300	350	400	500
Newmarket Hydro Holdings Inc	86514 2632 RC 0001 RC			100.000	

\* For a taxation year commencing before January 1, 2004, if the shareholder is a trust, enter NR at field 200 or NA at field 300. Do not enter a trust number in field 350.



## NOTES CHECKLIST

## Schedule 141

- This schedule should be completed from the perspective of the person who prepared or reported on the financial statements. This person is referred to as the "accounting practitioner", in this schedule.
- For more information, see RC4088, *Guide to the General Index of Financial Information (GIFI) for Corporations and T4012, T2 Corporation – Income Tax Guide*.
- Attach a copy of this schedule, along with any Notes to the financial statements, to the GIFI.

**Part 1 – Accounting practitioner information**Does the accounting practitioner have a professional designation? 095 ☒ Yes ☐ NoIs the accounting practitioner connected\* with the corporation? 097 ☐ Yes ☒ No

\* A person connected with a corporation can be: (i) a shareholder of the corporation who owns more than 10% of the common shares; (ii) a director, an officer, or an employee of the corporation; or (iii) a person not dealing at arm's length with the corporation.

**Note**

If the accounting practitioner does not have a professional designation or is connected with the corporation, you do not have to complete Parts 2 and 3 of this schedule. However, you do have to complete Part 4.

**Part 2 – Type of involvement**

Choose the option that represents the highest level of involvement of the accounting practitioner: 198

Completed an auditor's report 1 ☒Completed a review engagement report 2 ☐Conducted a compilation engagement 3 ☐**Part 3 – Reservations**

If you selected option "1" or "2" under Type of involvement above, answer the following question:

Has the accounting practitioner expressed a reservation? 099 ☐ Yes ☒ No**Part 4 – Other information**Were notes to the financial statements prepared? 101 ☒ Yes ☐ No

If Yes, complete lines 102 to 107 below:

Are any values presented at other than cost? 102 ☐ Yes ☒ NoHas there been a change in accounting policies since the last return? 103 ☐ Yes ☒ NoAre subsequent events mentioned in the notes? 104 ☒ Yes ☐ NoIs re-evaluation of asset information mentioned in the notes? 105 ☐ Yes ☒ NoIs contingent liability mentioned in the notes? 106 ☒ Yes ☐ NoIs information regarding commitments mentioned in the notes? 107 ☒ Yes ☐ NoDoes the corporation have investments in joint venture(s) or partnership(s)? 108 ☐ Yes ☒ No

If Yes, complete line 109 below:

Are you filing financial statements of the joint venture(s) or partnership(s)? 109 ☐ Yes ☐ No

## Instalments

## Federal tax instalments

## Instalment base

Year-end	Estimate for current year 2008/12/31	First Instalment base 2007/12/31	Second Instalment base 2006/12/31
Taxable income		5,517,205	8,014,886
Base amount of Part I tax		2,096,538	2,285,657
Corporate surtax		61,793	67,367
Refundable tax on CCPC's investment income			
Small business deduction			48,000
Federal tax abatement		551,721	601,489
Manufacturing and processing profits deduction			
Foreign tax credits			
Tax reductions		386,204	400,042
Political contribution tax credit			
Investment tax credit			
Other credits			
Part I tax payable		1,220,406	1,303,493
Part I.3 tax payable			
Part VI tax payable			
Part VI.1 tax payable			
Part XIII.1 tax payable			
Net provincial or territorial tax payable			
Total tax payable		1,220,406	1,303,493
Days in taxation year	365	365	365
Tax payable adjusted for short taxation years		1,220,406	1,303,493
Estimated credits for the current year:			
Investment tax credit refund			
Dividend refund			
Other			
Total estimated credits			
Instalment base		1,220,406	1,303,493
Monthly payment		101,701	108,624

## Instalment payment options

- ☐ 1. based on estimated taxes for the current year
 ☐ 3. based on the first and second instalment base
- ☒ 2. based on the first instalment base
 ☐ 4. instalments are not required

## Instalment payments

Date	Instalments required	Instalments paid	Instalments payable
2008/01/31	101,701		
2008/02/29	101,701		
2008/03/31	101,701		
2008/04/30	101,701		
2008/05/31	101,701		
2008/06/30	101,701		
2008/07/31	101,701		
2008/08/31	101,701		
2008/09/30	101,701		
2008/10/31	101,701		
2008/11/30	101,701		
2008/12/31	101,701		1,220,412
Total	1,220,412		1,220,412

## Summary

## Tax Summary

Corporation name Newmarket Hydro Ltd.

Tax year ending 2007/12/31

Taxable income		Tax payable	
Net income for tax purposes	5,517,205	Part I tax	1,220,406
Charitable donations and gifts	-	Part 1.3 tax (large corporations tax)	+
Taxable dividends	-	Taxable dividends received	
Losses of prior years	-	Part IV tax	+
Other adjustments	±	Other federal tax payable	+
Taxable income	= 5,517,205	Subtotal	= 1,220,406
<b>Part I tax</b>		Provincial and territorial tax (except QC,ON,AB)	+
38% of taxable income	2,096,538	Provincial tax on large corporations (NB,NS)	+
Surtax	+ 61,793	Tax payable	+ 1,220,406
Refundable tax on CCPC investment income	+	Tax instalments paid	-
Active business income	5,517,205	Investment tax credit refund	-
Small business deduction	-	Taxable dividends paid	
Federal tax abatement	- 551,721	Dividend refund	-
Manufacturing and processing deduction	-	Other refundable credits	-
Additional deduction - credit unions	-	Balance owing (refund) on federal return	= 1,220,406
Foreign tax credits	-	Provincial income tax (ON,AB,QC)	770,551
Resource deduction	-	Capital and other provincial taxes	+ 117,444
Political contribution tax credit	-	Tax instalments and credits	-
Investment tax credit	-	Other provincial taxes	= 887,995
Other deductions and credits	- 386,204	Total balance owing (refund)	2,108,401
Part I tax	= 1,220,406		

Provincial tax	% Provincial allocation	Taxable income	Income tax	Capital and other provincial taxes	Tax instalments and credits	Net provincial tax
Newfoundland						
Prince Edward Island						
Nova Scotia						
New Brunswick						
Manitoba						
Saskatchewan						
British Columbia						
Yukon Territory						
Northwest Territories						
Nunavut						
<b>Schedule 5 provincial tax payable</b>						
Ontario	100.0000	5,503,937	770,551	117,444		887,995
Alberta						
Québec						
Totals			770,551	117,444		887,995

Loss continuity	Current year carry back	Carryforward end of year	Other carryforwards
Capital			Capital dividend account
Non-capital			Refundable dividend tax on hand (net of dividend refund)
Farm			Unused Part 1.3 tax credit
Restricted farm			Unused surtax credits
Limited partnership			Foreign business tax credits
Listed personal property			Donations and gifts
			Investment tax credits
			Ontario CMT losses
			Ontario CMT credit



5Year

# 5 Year Tax Summary

Years Ending:	2007/12/31	2006/12/31	2005/12/31	2004/12/31	2003/12/31
<b>Taxable income</b>					
Net Income for tax purposes	5,517,205	6,014,886	4,888,672	3,284,597	2,962,574
Charitable donations and gifts	-	-	1,885,000	1,500,000	1,900,000
Taxable dividends	-	-	-	-	-
Losses of other years	-	-	150,000	-	465,347
Other adjustments	±	±	±	±	±
<b>Taxable income</b>	<b>= 5,517,205</b>	<b>= 6,014,886</b>	<b>= 2,853,672</b>	<b>= 1,784,597</b>	<b>= 597,227</b>
<b>Active business income</b>	<b>5,517,205</b>	<b>6,014,886</b>	<b>4,888,672</b>	<b>3,284,597</b>	<b>2,962,574</b>
<b>Part I tax</b>					
38% of taxable income	2,096,538	2,285,657	1,084,395	678,147	226,946
Surtax	+ 61,793	+ 67,367	+ 31,961	+ 19,987	+ 6,689
Refundable tax on CCPC investment income	+	+	+	+	+
Small business deduction	-	- 48,000	-	-	-
Federal tax abatement	- 551,721	- 601,489	- 285,367	- 178,460	- 59,723
Manufacturing and processing deduction	-	-	-	-	-
Additional deduction - credit unions	-	-	-	-	-
Foreign tax credits	-	-	-	-	-
Resource deduction	-	-	-	-	-
Political contribution tax credit	-	-	-	-	-
Investment tax credit	-	-	-	-	-
Other deductions and credits	- 386,204	- 400,042	- 199,757	- 124,922	- 29,861
<b>Part I tax</b>	<b>= 1,220,406</b>	<b>= 1,303,493</b>	<b>= 631,232</b>	<b>= 394,752</b>	<b>= 144,051</b>
<b>Tax payable</b>					
Part I tax	1,220,406	1,303,493	631,232	394,752	144,051
Part I.3 tax	+	+	+	+	+ 96,829
Part IV tax	+	+	+	+	+
Other federal tax payable	+	+	+	+	+
<b>Subtotal</b>	<b>= 1,220,406</b>	<b>= 1,303,493</b>	<b>= 631,232</b>	<b>= 394,752</b>	<b>= 240,880</b>
Provincial and territorial tax (except QC, ON, AB)	+	+	+	+	+
Provincial tax on large corporations (NB, NS)	+	+	+	+	+
<b>Tax payable</b>	<b>= 1,220,406</b>	<b>= 1,303,493</b>	<b>= 631,232</b>	<b>= 394,752</b>	<b>= 240,880</b>
Tax instalments made	-	- 1,330,493	- 1,182,400	- 360,316	- 288,822
Investment tax credit refund	-	-	-	-	-
Dividend refund	-	-	-	-	-
Other refundable credits	-	-	-	-	-
<b>Balance owing (refund)</b>	<b>= 1,220,406</b>	<b>= (27,000)</b>	<b>= (551,168)</b>	<b>= 34,436</b>	<b>= (47,942)</b>
Provincial income tax (ON, AB, QC)	770,551	842,084	399,514	249,844	69,703
Capital and other provincial taxes	+ 117,444	+ 135,924	+ 139,939	+ 142,057	+ 150,675
Tax instalments and credits	-	- 979,930	-	- 169,484	- 220,378
<b>Other provincial taxes</b>	<b>= 887,995</b>	<b>= (1,922)</b>	<b>= 539,453</b>	<b>= 222,417</b>	<b>=</b>
<b>Total taxes owing (refund)</b>	<b>2,108,401</b>	<b>(28,922)</b>	<b>(11,715)</b>	<b>256,853</b>	<b>(47,942)</b>



## Ministry of Revenue

Corporations Tax  
33 King Street West  
PO Box 620  
Oshawa ON L1H 8E9

# Corporate Minimum Tax (CMT) CT23 Schedule 101

Corporation's Legal Name Newmarket Hydro Ltd.	Ontario Corporations Tax Account No. (MDF) 1800138	Taxation Year End 2007/12/31
--------------------------------------------------	-------------------------------------------------------	---------------------------------

**Part 1: Calculation of CMT Base**

**Banks** - Net income/loss as per report accepted by Superintendent of Financial Institutions (SFI) under the Bank Act (Canada), adjusted so consolidation/equity methods are not used.

**Life Insurance corporations** - Net income/loss before Special Additional Tax as determined under s.57.1(2)(c) or (d)

Net income/(loss) (unconsolidated, determined in accordance with GAAP) 2100 ± 2,185,800

**Subtract** (to the extent reflected in net income/loss):

Provision for recovery of income taxes / benefit of current income taxes	2101 +	
Provision for deferred income taxes (credits) / benefit of future income taxes	2102 +	
Equity income from corporations	2103 +	
Share of partnership(s)/joint venture(s) income	2104 +	
Dividends received/receivable deductible under fed.s.112	2105 +	
Dividends received/receivable deductible under fed.s.113	2106 +	
Dividends received/receivable deductible under fed.s.83(2)	2107 +	
Dividends received/receivable deductible under fed.s.138(6)	2108 +	
Federal Part VI.1 tax on dividends declared and paid, under fed.s.191.1(1) x 3 =	2109 +	

**Subtotal** = 2110 -

**Add** (to extent reflected in net income/loss):

Provision for current taxes / cost of current income taxes	2111 +	1,925,000
Provision for deferred income taxes (debits) / cost of future income taxes	2112 +	
Equity losses from corporations	2113 +	
Share of partnership(s)/joint venture(s) losses	2114 +	
Dividends that have been deducted to arrive at net income per Financial Statements s.57.4(1.1) (excluding dividends under fed.s.137(4.1))	2115 +	

**Subtotal** = 1,925,000 2116 + 1,925,000

**Add/Subtract:**

Amounts relating to s.57.9 election/regulations for disposals etc. of property for current/prior years

** Fed.s.85	2117 +	or	2118 -
** Fed.s.85.1	2119 +	or	2120 -
** Fed.s.97	2121 +	or	2122 -

\*\* Amounts relating to amalgamations

(fed.s.87) as prescribed in regulations for current/prior years

2123 + or 2124 -

\*\* Amounts relating to wind-ups (fed.s.88)

as prescribed in regulations for current/prior years

2125 + or 2126 -

\*\* Amounts relating to s.57.10 election/regulations for replacement re fed.s.13(4),

14(6) and 44 for current/prior years

2127 + or 2128 -

Interest allowable under ss. 20(1)(c) or (d)

of ITA to the extent not otherwise deducted

in determining CMT adjusted net income

2150 -

Capital gains on eligible donations of publicly-listed securities and ecologically sensitive land made after

May 1, 2006 (to the extent reflected in net income/loss)

2155 -

**Subtotal (Additions)** = 2129 +

**Subtotal (Subtractions)** = 2130 -

\*\* Other adjustments 2131 ±

**Subtotal ± 2100 - 2110 + 2116 + 2129 - 2130 ± 2131** 2132 = 4,110,800

\*\* Share of partnership(s)/joint venture(s) adjusted net income/loss 2133 ±

**Adjusted net income (loss)** (if loss, transfer to 2202 in *Part 2: Continuity of CMT Losses Carried Forward*) 2134 = 4,110,800

**Deduct:** \* CMT losses: pre-1994 Loss From 2210 +

\* CMT losses: other eligible losses 2211 +

= 2135 -

\* CMT losses applied cannot exceed adjusted net income or increase a loss

\*\* Retain calculations. Do not submit with this tax return.

**CMT Base** 2136 = 4,110,800

Transfer to CMT Base on page 8 of the CT23 or Page 6 of the CT8

**Corporate Minimum Tax (CMT)****Part 2: Continuity of CMT Losses Carried Forward****CMT loss continuity by year**

Year of origin	Beginning balance	Transfers on amalgamation	Transfers on wind-up	Adjustments	Current year loss	Applied	Ending balance
							Expired
2001/12/31							
2002/12/31							
2003/12/31							
2004/12/31							
2005/12/31							
2006/12/31							
2007/12/31							
<b>Totals</b>							

**Balance at Beginning of year** Notes (1), (2) \_\_\_\_\_ **2201 +**

**Add:** Current year's losses \_\_\_\_\_ **2202 +**

Losses from predecessor corporations on amalgamation Note (3) \_\_\_\_\_ **2203 +**

Losses from predecessor corporations on wind-up Note (3) \_\_\_\_\_ **2204 +**

Amalgamation (✓) **2205** ☐ Yes Wind-up (✓) **2206** ☐ Yes

**Subtotal** \_\_\_\_\_ **=** **2207 +**

**Adjustments (attach schedule)** \_\_\_\_\_ **2208 ±**

**CMT losses available** **2201 + 2207 ± 2208** \_\_\_\_\_ **2209 =**

**Subtract:** Pre-1994 loss utilized during the year to reduce adjusted net income \_\_\_\_\_ **2210 +**

Other eligible losses utilized during the year to reduce adjusted net income Note (4) \_\_\_\_\_ **2211 +**

Losses expired during the year \_\_\_\_\_ **2212 +**

**Subtotal** \_\_\_\_\_ **=** **2213 -**

**Balances at End of Year** Note (5) **2209 - 2213** \_\_\_\_\_ **2214 =**

**Notes:**

- (1) Pre-1994 CMT loss (see s.57.1(1)) should be included in the balance at beginning of the year. Attach schedule showing computation of pre-1994 CMT loss.
- (2) Where acquisition of control of the corporation has occurred, the utilization of CMT losses can be restricted. (see s.57.5(3) and a 57.5(7))
- (3) Include and indicate whether CMT losses are a result of an amalgamation to which fed.s.87 applies and/or a wind-up to which fed.s.88(1) applies. (see s.57.5(8) and s.57.5(9))
- (4) CMT losses must be used to the extent of the lesser of the adjusted net income 2134 and CMT losses available 2209.
- (5) Amount in 2214 must equal sum of 2270 + 2290.

**Part 3: Analysis of CMT Losses Year End Balance by Year of Origin**

For a pre-1994 loss, use the date of the last taxation year end before your corporation's first taxation year commencing after 1993.

Year of Origin (oldest year first)	CMT Losses of Corporation	CMT Losses of Predecessor Corporations
2240	2260	2280
2241	2261	2281
2242	2262	2282
2243 2001/12/31	2263	2283
2244 2002/12/31	2264	2284
2245 2003/12/31	2265	2285
2246 2004/12/31	2266	2286
2247 2005/12/31	2267	2287
2248 2006/12/31	2268	2288
2249 2007/12/31	2269	2289
<b>Totals</b>	<b>2270</b>	<b>2290</b>

*The sum of amounts 2270 + 2290 must equal amount in 2214.*

**Corporate Minimum Tax (CMT)****Part 4: Continuity of CMT Credit Carryovers****CMT credit continuity by year**

Year of origin	Beginning balance	Transfers on amalgamation or wind-up	Adjustments	Current year credit	Applied	Expired	Ending balance
2002/12/31							
2003/12/31							
2004/12/31							
2005/12/31							
2006/12/31							
2007/12/31							
Totals							

Balance at Beginning of year Note (1)

2301

Add: Current year's CMT Credit (280 on page 8 of the CT23 or 347 on page 6 of the CT8. If negative, enter NIL)

From 280 or 347 +

Gross Special Additional Tax Note (2) 312 on page 5 of CT8.

(Life Insurance corporations only. Others enter NIL.) From 312 +

Subtract Income Tax

(190 on page 6 of the CT23 or page 4 of the CT8) From 190 -

Subtotal (If negative, enter NIL)

2305 -

Current year's CMT credit (If negative, enter NIL) 280 or 347 - 2305

2310 +

CMT Credit Carryovers from predecessor corporations Note (3)

2325

Amalgamation (✓) 2315 ☐ Yes Wind-up (✓) 2320 ☐ Yes

Subtotal 2301 + 2310 + 2325

2330 +

Adjustments (Attach schedule)

2332

CMT Credit Carryover available 2330 ± 2332

2333 =

Transfer to Page 8 of the CT23  
or page 6 of the CT8

Subtract: CMT credit utilized during the year to reduce income tax

(310 on page 8 of the CT23 or 351 on page 6 of the CT8.) + From 310 or 351

CMT Credit expired during the year

2334

Subtotal

2335 -

Balance at End of Year Note (4) 2333 - 2335

2336

**Notes:**

- (1) Where acquisition of control of the corporation has occurred, the utilization of CMT credits can be restricted. (see s.43.1(5))
- (2) The CMT credit of life insurance corporations can be restricted (see s.43.1(3)(b)).
- (3) Include and indicate whether CMT credits are a result of an amalgamation to which fed.s.87 applies and/or a wind-up to which fed.s.88(1) applies. (see s.43.1(4))
- (4) Amount in 2336 must equal the sum of 2370 + 2390.

**Part 5: Analysis of CMT Credit Carryovers Year End Balance by Year of Origin**

Year of Origin (oldest year first)	CMT Credit Carryovers of Corporation	CMT Credit Carryovers of Predecessor Corporation(s)
2340	2360	2380
2341	2361	2381
2342	2362	2382
2343	2363	2383
2344 2002/12/31	2364	2384
2345 2003/12/31	2365	2385
2346 2004/12/31	2366	2386
2347 2005/12/31	2367	2387
2348 2006/12/31	2368	2388
2349 2007/12/31	2369	2389
Totals	2370	2390

The sum of amounts 2370 + 2390 must equal  
amount in 2336.



Ministry of Finance  
Ministry of Revenue  
Corporations Tax  
33 King Street West  
PO Box 620  
Oshawa ON L1H 8E9

2007

# CT23 Corporations Tax and Annual Return

For taxation years commencing after December 31, 2004

Corporations Tax Act - Ministry of Finance (MOF)  
Corporations Information Act - Ministry of Government Services (MGS)

This form is a combination of the Ministry of Revenue (MOR) CT23 Corporations Tax Return and the Ministry of Government Services (MGS) Annual Return. Page 1 is a common page required for both Returns. For tax purposes, depending on which criteria the corporation satisfies, it must complete either the Exempt from Filing (EFF) declaration on page 2 or file the CT23 Return on pages 3-17. Corporations that do not meet the EFF criteria but do meet the Short-Form criteria, may request and file the CT23 Short-Form Return (see page 2).

The Annual Return (common page 1 and MGS Schedule A on pages 18 and 19, and Schedule K on page 20) contains non-tax information collected under the authority of the *Corporations Information Act* for the purpose of maintaining a public database of corporate information. This return must be completed by Ontario share-capital corporations or Foreign-Business share-capital corporations that have an extra-provincial licence to operate in Ontario.

MGS Annual Return Required? (Not required if already filed or Annual Return exempt. Refer to Guide) ☒ Yes ☐ No Page 1 of 20

Ministry Use			
Corporation's Legal Name (including punctuation) Newmarket Hydro Ltd.			
Ontario Corporations Tax Account No. (MOF) 1800138			
This Return covers the Taxation Year			
Start 2007/01/01			
End 2007/12/31			
Mailing address 590 Steven Court		Date of Incorporation or Amalgamation 2001/1/01	
City Newmarket	Province ON	Country CA	Postal code L3Y 6Z2
Has the mailing address changed since last filed CT23 Return? <input type="checkbox"/> Yes		Date of Change year month day	
Registered/Head Office Address 590 Steven Court		Ontario Corporation No. (MGS) 1800138	
City Newmarket	Province ON	Country	Postal code L3Y 6Z2
Location of Books and Records 590 Steven Court		Canada Revenue Agency Business No. 869077925RC0001	
City Newmarket	Province ON	Country	Postal code L3Y 6Z2
Name of person to contact regarding this CT23 Return Iain Clinton, CA	Telephone No. (905) 953-8548	Fax No. ( ) -	Jurisdiction Incorporated Ontario
Address of Principal Office in Ontario (Extra-Provincial Corporations only) 590 Steven Court		(MGS)	
City Newmarket	Province ON	Country CA	Postal code L3Y 6Z2
Former Corporation Name (Extra-Provincial Corporations only) <input checked="" type="checkbox"/> Not Applicable		(MGS)	
Information on Directors/Officers/Administrators must be completed on MGS Schedule A or K as appropriate. If additional space is required for Schedule A, only this schedule may be photocopied. State number submitted (MGS). ▶		No. of Schedule(s) 0	
If there is no change to the Directors/Officers/Administrators' information previously submitted to MGS, please check <input checked="" type="checkbox"/> this box. Schedule(s) A and K are not required (MGS). ▶		<input checked="" type="checkbox"/> No Change	
Preferred Language / Langue de préférence <input checked="" type="checkbox"/> English anglais <input type="checkbox"/> French français			
Ministry Use			
Confirmation (MGS)			
I certify that all information set out in the Annual Return is true, correct and complete.			
Name of Authorized Person Iain Clinton			
Title <input type="checkbox"/> Director <input checked="" type="checkbox"/> Officer <input type="checkbox"/> Other individuals having knowledge of the Corporation's business activities			
Note: Sections 13 and 14 of the Corporations Information Act provide penalties for making false or misleading statements or omissions.			

Taxation Year End

**Exempt From Filing (EFF)  
Corporations Tax Return Declaration**

Page 2 of 20

Corporation's Legal Name

Ontario  
Corporations Tax  
Account No. (MOF)**Warning:** This declaration must be filed for each taxation year that the corporation is exempt from filing a return. It must be filed within 6 months after the corporation's taxation year end.**Criteria for exempt from filing status:**

- a) has filed a federal Income Tax Return (T2) with Canada Revenue Agency for the taxation year;
- b) had no Ontario taxable income for the taxation year (subject to the provisions in Note 2 below);
- c) had no Ontario Corporations Tax payable for the taxation year;
- d) was a Canadian-controlled private corporation throughout the taxation year (i.e. generally a private corporation with 50% or more shares owned by Canadian residents as defined by the *Income Tax Act* (Canada));
- e) has provided its Canada Revenue Agency business number to the Ministry of Revenue; and
- f) is not subject to the Corporate Minimum Tax (i.e. alone or as part of an associated group whose total assets exceed \$5 million or whose total revenue exceeds \$10 million for the taxation year).

**Note 1:** Filing of this declaration and the Annual Return does not constitute the filing of a Corporations Tax Return under section 75 of the *Corporations Tax Act*.**Note 2:** The following loss situations will require otherwise EFF corporations to file a CT23 tax return complete with all related schedules and financial statements:

- If a corporation has a loss in the current taxation year that is to be carried back and applied to a previous taxation year(s), regardless of whether the loss is the same as for federal purposes or not, a CT23 tax return is required for the current taxation year. The corporation must also provide information indicating that the loss is to be carried back and specify the year and the amount of loss to be carried back to each taxation year.

- If a corporation has a prior year loss, that is not the same for both federal and Ontario purposes and the corporation is applying a loss carryforward from the prior year to the current year, a CT23 tax return is required for the current taxation year, and if not previously filed, a CT23 tax return for the prior taxation year in which the loss was incurred is also required. Although a tax return for the loss year is not required where the loss is not being applied, the ministry will accept the filing of a tax return for a loss year at the time the loss is incurred.

- If a corporation has a prior year loss, that is the same for both federal and Ontario purposes, but in the current taxation year the corporation is applying a different amount of loss for Ontario than the loss amount being applied for federal income tax purposes, the corporation is required to file a CT23 tax return for the current taxation year only.

The following 3 items **MUST** be completed for EFF declarations only. In cases where the Annual Return, which includes page 1, is also being filed, completion of these fields is not required.**1. Corporation's Mailing Address**

City	Province	Country	Postal code
------	----------	---------	-------------

**2. Ontario Corporation No. (MGS)**

**3. Canada Revenue Agency Business No.**


I, \_\_\_\_\_ declare that:

The above corporation meets all of the exempt from filing criteria (a) through (f) above for the taxation year and therefore qualifies under the *Corporations Tax Act* as exempt from filing an Ontario Corporations Tax Return.

Signature	Title/Relationship to Corporation	Telephone number ( ) -	Date
-----------	-----------------------------------	---------------------------	------

**Please note that making a false statement to avoid compliance with the Corporations Tax Act is an offence which can result in a penalty and/or fine.****If you check "Yes" to ALL of the following criteria, you are eligible to file the CT23 Short-Form Corporations Tax Return. For further details, contact the Ministry Information Centre at the numbers listed on page 2 of the Guide.**

Yes	No		Yes	No	
<input checked="" type="checkbox"/>	<input type="checkbox"/>	(a) The corporation is a Canadian-controlled private corporation (CCPC) throughout the taxation year. (nearest whole percentage) Indicate Share Capital with full voting rights owned by Canadian Residents _____ 100 %	<input type="checkbox"/>	<input checked="" type="checkbox"/>	(d) The corporation's taxation year ends on or after January 1, 2001, and its gross revenue and total assets are each \$1,500,000 or less and the corporation is not a financial institution; or The corporation's taxation year commences after September 30, 2001, and its gross revenue and total assets are each \$3,000,000 or less and the corporation is not a financial institution.
<input type="checkbox"/>	<input checked="" type="checkbox"/>	(b) The corporation's taxable income for the taxation year is \$200,000 or less. For a taxation year with less than 51 weeks, taxable income must be grossed-up. (Refer to Guide.)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	(e) The corporation is not claiming a tax credit other than the Incentive Deduction for Small Business Corporations (IDSBC), Co-operative Education Tax Credit (CETC), Graduate Transitions Tax Credit (GTTC) or Apprenticeship Training Tax Credit (ATTC).
<input type="checkbox"/>	<input checked="" type="checkbox"/>	(c) The corporation is not a member of a partnership/joint venture or a member of an associated group of corporations during the taxation year.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	(f) The corporation's Ontario allocation factor is 100%.

**Note:** Family Farm or Fishing corporations that have a taxation year ending on or after January 1, 2000 and are not subject to the Corporate Minimum Tax, may also use the CT23 Short-Form Corporations Tax Return if the corporation checks "Yes" to a), b), c), e) and f) above.

**CT23 Corporations Tax Return**

CT23 Page 3 of 20

Identification continued (for CT23 filers only)

Please check applicable (✓) box(es) and complete required information.

**Type of Corporation**

**1** ☒ **1** Canadian-controlled private (CCPC) all year (Generally a private corporation of which 50% or more shares are owned by Canadian residents.) (fed.s.125(7)(b))

☐ **2** Other Private

☐ **3** Public

☐ **4** Non-share Capital

☐ **5** Other (specify)

Share Capital with full voting rights (nearest percent)  
owned by Canadian Residents 100 %

- 2** ☐ **1** Family Farm corporation s.1(2)
- ☐ **2** Family Fishing corporation s.1(2)
- ☐ **3** Mortgage Investment corporation s.47
- ☐ **4** Credit Union s.51
- ☐ **5** Bank Mortgage subsidiary s.61(4)
- ☐ **6** Bank s.1(2)
- ☐ **7** Loan and Trust corporation s.61(4)
- ☐ **8** Non-resident corporation s.2(2)(a) or (b)
- ☐ **9** Non-resident corporation s.2(2)(c)
- ☐ **10** Mutual Fund corporation s.48
- ☐ **11** Non-resident owned investment corporation s.49
- ☐ **12** Non-resident ship or aircraft under reciprocal agreement with Canada s.28(b)
- ☐ **14** Bare Trustee corporation
- ☐ **15** Branch of Non-resident s.63(1)
- ☐ **16** Financial institution prescribed by Regulation only
- ☐ **17** Investment Dealer
- ☐ **18** Generator of electrical energy for sale or producer of steam for use in the generation of electrical energy for sale
- ☒ **19** Hydro successor, municipal electrical utility or subsidiary of either
- ☐ **20** Producer and seller of steam for uses other than for the generation of electricity
- ☐ **21** Insurance Exchange s.74.4
- ☐ **22** Farm Feeder Finance Co-operative corporation
- ☐ **23** Professional corporation (incorporated professionals only)

- ☐ This is the first year filing after incorporation or an amalgamation (If checked, attach Ontario Schedule 24.)
- ☐ Amended Return
- ☐ Taxation year end change - Canada Revenue Agency approval required
- ☐ Final taxation year up to dissolution (Note: for discontinued businesses, see guide.)
- ☒ Final taxation year before amalgamation
- ☐ The corporation has a floating fiscal year end
- ☐ There has been a transfer or receipt of asset(s) involving a corporation having a Canadian permanent establishment outside Ontario
- ☐ There was an acquisition of control to which subsection 249(4) of the federal *Income Tax Act* (ITA) applies since the previous taxation year  
If checked, date control was acquired \_\_\_\_\_
- ☐ The corporation was involved in a transaction where all or substantially all (90% or more) of the assets of a non-arm's length corporation were received in the taxation year and subsection 85(1) or 85(2) of the federal ITA applied to the transaction (If checked, attach Ontario Schedule 44.)
- ☐ First year filing of a parent corporation after winding-up a subsidiary corporation(s) under section 88 of the federal ITA during the taxation year. (If checked, attach Ontario Schedule 24.)
- ☐ Section 83.1 of the CTA applies (redirection of payments for certain electricity corporations)

**Yes No**

- ☒ ☒ Was the corporation inactive throughout the taxation year?
- ☒ ☐ Has the corporation's Federal T2 Return been filed with the Canada Revenue Agency?
- Are you requesting a refund due to:
- ☐ ☒ the Carry-back of a Loss?
- ☐ ☒ an Overpayment?
- ☐ ☒ a Specified Refundable Tax Credit?
- ☒ ☒ Are you a Member of a Partnership or Joint Venture?

**Complete if applicable**

Ontario Retail Sales Tax Vendor  
Permit no. (Use Head Office no.)

Ontario Employer Health Tax  
Account no. (Use Head Office no.)

Specify major business activity  
Electricity Distribution

**Income Tax**

CT23 Page 4 of 20

**Allocation** — If you carry on a business through a permanent establishment in a jurisdiction outside Ontario, you may allocate that portion of taxable income deemed earned in that jurisdiction to that jurisdiction (s.39) (Int.B. 3008).

Net income (loss) for Ontario purposes (per reconciliation schedule, page 15)	From 690±	5,503,937
Subtract: Charitable donations	1 -	
Subtract: Gifts to Her Majesty in right of Canada or a province and gifts of cultural property (Attach schedule 2)	2 -	
Subtract: Taxable dividends deductible, per federal Schedule 3	3 -	
Subtract: Ontario political contributions (Attach schedule 2A) (Int.B. 3002R)	4 -	
Subtract: Federal Part VI.1 tax X 3	5 -	
Subtract: Prior years' losses applied - Non-capital losses	From 704-	
	From 715	inclusion
Net capital losses (page 16) X rate	50.000000 % =	714-
Farm losses	From 724-	
Restricted farm losses	From 734-	
Limited partnership losses	From 754-	
<b>Taxable income (Non-capital loss)</b>	10	5,503,937

Addition to taxable income for unused foreign tax deduction for federal purposes	11	
<b>Adjusted taxable income 10 + 11 (if 10 is negative, enter 11)</b>	20	5,503,937

Taxable Income		Number of days in Taxation Year			
		Days after Dec. 31, 2002 and before Jan. 1, 2004	Total Days		
From 10 (or 20)	5,503,937 X 30	100.0000 % X 12.5% X 33	+ 73	365 =	29+
		Ontario Allocation	Days after Dec. 31, 2003	Total Days	
From 10 (or 20)	5,503,937 X 30	100.0000 % X 14.0% X 34	365 + 73	365 =	32+ 770,551
		Ontario Allocation			
<b>Income Tax Payable (before deduction of tax credits) 29 + 32</b>			40		770,551

**Incentive Deduction for Small Business Corporations (IDSBC) (s.41)**

If this section is not completed, the IDSBC will be denied.

Did you claim the federal Small Business Deduction (fed.s.125(1)) in the taxation year or would you have claimed the federal Small Business Deduction had the provisions of fed.s.125(5.1) not been applicable in the taxation year? (✓) ☒ Yes ☐ No

\* Income from active business carried on in Canada

for federal purposes (fed.s.125(1)(a))	50	5,517,205
Federal taxable income, less adjustment		
for foreign tax credit (fed.s.125(1)(b))	51+	5,517,205
Add: Losses of other years deducted for federal purposes (fed.s.111)	52+	
Subtract: Losses of other years deducted for Ontario purposes (s.34)	53-	
	=	5,517,205
	54	5,517,205

Federal Business limit (line 410 of the T2 return) for the year before the application of fed.s.125(5.1)

**Ontario Business Limit Calculation**

Days after Dec. 31, 2002 and before Jan. 1, 2004					
320,000 X 31	÷ **	365	=+ 46		
Days after Dec. 31, 2003					
400,000 X 34	÷ **	365	=+ 47	400,000	
				Percentage of Federal Business limit (from T2 Schedule 23). Enter 100% if not associated.	
Business limit for Ontario purposes 46 + 47	= 44	400,000 X 48	100.0000 % =	45	400,000

<b>Income eligible for the IDSBC</b>	From 30	100.0000 % X 56	400,000	60 =	400,000
		***Ontario Allocation	Least of 50, 54 or 45		

\* Note: Modified by s.41(6) and (7) for corporations that are members of a partnership. (Refer to Guide.)

\*\* Note: Adjust accordingly for a floating taxation year and use 366 for a leap year.

\*\*\* Note: Ontario Allocation for IDSBC purposes may differ from 30 if Taxable Income is allocated to foreign jurisdictions. See special rules (s.41(4)).

continued on Page 5



**Income Tax** *continued from Page 4*

		Number of Days in Taxation Year					
		Days after Dec. 31, 2002 and before Jan. 1, 2004	Total Days				
Calculation of IDSBC Rate	7.0% X 31	÷ 73	365	=	89	+	
	8.5% X 34	365	÷ 73	365	=	90	+
IDSBC Rate for Taxation Year	89 + 90					78	= 8.5000
Claim	From 60	400,000	X From 78	8.5000 %	70	=	34,000

Corporations claiming the IDSBC must complete the Surtax section below if the corporation's taxable income (or if associated, the associated group's taxable income) is greater than the amount in 114 below.

**Surtax on Canadian-controlled Private Corporations (s.41.1)**

**Applies** if you have claimed the Incentive Deduction for Small Business Corporations.

**Associated corporation** - The Taxable Income of associated corporations is the taxable income for the taxation year ending on or before the date of this corporation's taxation year end.

\* Taxable Income of the corporation From 10 (or 20 if applicable) 80 + 5,503,937

If you are a member of an associated group (✓) 81 ☒ (Yes)

Name of associated corporation (Canadian & foreign)	Ontario Corporations Tax Account No. (MOF) (if applicable)	Taxation Year End	* Taxable Income (if loss, enter nil)
As per attached Schedule			+ 82
			+ 83
			+ 84

Aggregate Taxable Income 80 + 82 + 83 + 84, etc. 85 = 5,503,937

		Number of days in Taxation Year					
		Days after Dec. 31, 2002 and before Jan. 1, 2004	Total Days				
320,000 X	31	÷ 73	365	=	115	+	
400,000 X	34	365	÷ 73	365	=	116	+
							400,000
							115 + 116 = 400,000
(If negative, enter nil)						114	- 400,000
						86	= 5,103,937

		Number of Days in Taxation Year					
		Days after Dec. 31, 2002	Total Days				
Calculation of Specified Rate for Surtax	4.667% X 38	365	÷ 73	365	=	97	+
From 86	5,103,937	X From 97	4.6670 %			87	= 238,201
From 87	238,201	X From 60	400,000	÷ From 114	400,000	88	= 238,201

Surtax Lesser of 70 or 88 100 = 34,000

\* **Note: Short Taxation Years** - Special rules apply where the taxation year is less than 51 weeks for the corporation and/or any corporation associated with it.

*continued on Page 6*

**Income Tax** continued from Page 5

CT23 Page 6 of 20

**Additional Deduction for Credit Unions (s.51(4))** (Attach schedule 17)110 400,000**Manufacturing and Processing Profits Credit (M&P) (s.43)**

**Applies** to Eligible Canadian Profits from manufacturing and processing, farming, mining, logging and fishing carried on in Canada, as determined by regulations.

Eligible Canadian Profits from mining are the "resource profits from the mining operations", as determined for Ontario depletion purposes, after deducting depletion and resource allowances but excluding amounts from sale of Canadian resource property, rentals or royalties. If you are claiming this credit, attach a copy of Ontario schedule 27.

The whole of the active business income qualifies as Eligible Canadian Profits if: a) your active business income from sources other than manufacturing and processing, mining, farming, logging or fishing is 20% or less of the total active business income and b) the total active business income is \$250,000 or less.

**Eligible Canadian Profits** 120 5,503,937  
 Subtract: Income eligible for the Incentive Deduction for Small Business Corporations (IDSBC) From 56 - 400,000

Add: Adjustment for Surtax on Canadian-controlled private corporations  
 From 100 34,000 + From 30 100.0000 % + From 78 8.5000 % = 121 400,000  
 \*Ontario Allocation

Lesser of 56 or 121 122 + 400,000  
 120 - 56 + 122 130 =

**Taxable income** From 10 + 5,503,937  
 Subtract: Income eligible for the Incentive Deduction for Small Business Corporations (IDSBC) From 56 - 400,000  
 Add: Adjustments for Surtax on Canadian-controlled private corporations From 122 + 400,000  
 Subtract: Taxable income 10 X Allocation % to jurisdictions outside Canada 140 5,503,937  
 Subtract: Amount by which Canadian and foreign investment income exceeds net capital losses 141 -  
 10 - 56 + 122 - 140 - 141 142 = 5,503,937

**Claim** **Number of Days in Taxation Year**  
 Days after Dec. 31, 2002 and before Jan. 1, 2004 Total Days  
 143 33 X From 30 100.0000 % X 1.5% X 73 = 154 +  
 Lesser of 130 or 142 \*Ontario Allocation  
 Days after Dec. 31, 2003 Total Days  
 143 34 X From 30 100.0000 % X 2.0% X 73 = 156 +  
 Lesser of 130 or 142 \*Ontario Allocation

M&P claim for taxation year 154 + 156 160 154

\*Note: Ontario Allocation for M&P Credit purposes may differ from 30 if Taxable Income is allocated to foreign jurisdictions. See special rules (s.43(1))

**Manufacturing and Processing Profits Credit for Electrical Generating Corporations** 161 154

**Manufacturing and Processing Profits Credit for Corporations that Produce and Sell Steam for uses other than the Generation of Electricity** 162 156

**Credit for Foreign Taxes Paid (s.40)**

**Applies** if you paid tax to a jurisdiction outside Canada on foreign investment income (Int.B. 3001R). (Attach schedule) 170 0

**Credit for Investment in Small Business Development Corporations (SBDC)**

**Applies** if you have an unapplied, previously approved credit from prior years' investments in new issues of equity shares in Small Business Development Corporations. Any unused portion may be carried forward indefinitely and applied to reduce subsequent years' income taxes. (Refer to the former *Small Business Development Corporations Act*)

Eligible Credit 175 0 Credit Claimed 180 0

**Subtotal of Income Tax** 40 - 70 + 100 - 110 - 160 - 161 - 162 - 170 - 180 190 770,551

continued on Page 7

**Income Tax** *continued from Page 6***Specified Tax Credits** *(Refer to Guide)*

**Ontario Innovation Tax Credit (OITC) (s.43.3)** *Applies to scientific research and experimental development in Ontario.*

Eligible Credit from 5620 OITC Claim Form *(Attach original Claim Form)* 191

**Co-operative Education Tax Credit (CETC) (s.43.4)** *Applies to employment of eligible students.*

Eligible Credit from 5798 CT23 Schedule 113 *(Attach Schedule 113)* 192

**Ontario Film & Television Tax Credit (OFTTC) (s.43.5)**

*Applies to qualifying Ontario labour expenditures for eligible Canadian content film and television productions.* 204

Eligible Credit from 5850 of the Certificate of Eligibility issued by the Ontario Media Development Corporation (OMDC) *(Attach the original Certificate of Eligibility)* 193

**Graduate Transitions Tax Credit (GTTC) (s.43.6)**

*Applies to employment of eligible unemployed post secondary graduates, for employment commencing prior to July 6, 2004 and expenditures incurred prior to January 1, 2005.* No. of Graduates From 6596 194

Eligible Credit from 6598 CT23 Schedule 115 *(Attach Schedule 115)* 195

**Ontario Book Publishing Tax Credit (OBPTC) (s.43.7)**

*Applies to qualifying expenditures in respect of eligible literary works by eligible Canadian authors.*

Eligible Credit from 6900 OBPTC Claim Form *(Attach both the original Claim Form and the Certificate of Eligibility)* 196

**Ontario Computer Animation and Special Effects Tax Credit (OCASE) (s.43.8)**

*Applies to labour relating to computer animation and special effects on an eligible production.*

Eligible Credit from 6700 of the Certificate of Eligibility issued by the Ontario Media Development Corporation (OMDC) *(Attach the original Certificate of Eligibility)* 197

**Ontario Business-Research Institute Tax Credit (OBRITC) (s.43.9)**

*Applies to qualifying R&D expenditures under an eligible research institute contract.*

Eligible Credit from 7100 OBRITC Claim Form *(Attach original Claim Form)* 198

**Ontario Production Services Tax Credit (OPSTC) (s.43.10)**

*Applies to qualifying Ontario labour expenditures for eligible productions where the OFTTC has not been claimed.*

Eligible Credit from 7300 of the Certificate of Eligibility issued by the Ontario Media Development Corporation (OMDC) *(Attach the original Certificate of Eligibility)* 199

**Ontario Interactive Digital Media Tax Credit (OIDMTC) (s.43.11)**

*Applies to qualifying labour expenditures of eligible products for the taxation year.*

Eligible Credit from 7400 of the Certificate of Eligibility issued by the Ontario Media Development Corporation (OMDC) *(Attach the original Certificate of Eligibility)* 200

**Ontario Sound Recording Tax Credit (OSRTC) (s.43.12)**

*Applies to qualifying expenditures in respect of eligible Canadian sound recordings.*

Eligible Credit from 7500 OSRTC Claim Form *(Attach both the original Claim Form and the Certificate of Eligibility)* 201

**Apprenticeship Training Tax Credit (ATTC) (s.43.13)**

*Applies to employment of eligible apprentices.* No. of Apprentices From 5896 202

Eligible Credit from 5898 CT23 Schedule 114 *(Attach Schedule 114)* 203

**Total Specified Tax Credits** 191 + 192 + 193 + 195 + 196 + 197 + 198 + 199 + 200 + 201 + 203 220

**Specified Tax Credits Applied to reduce Income Tax** 225

**Income Tax** 190 - 225 OR Enter NIL if reporting Non-Capital Loss (amount cannot be negative) 230 770,551

To determine if the Corporate Minimum Tax (CMT) is applicable to your Corporation, see Determination of Applicability section for the CMT on Page 8. If CMT is not applicable, transfer amount in 230 to Income Tax in Summary section on Page 17.

OR

If CMT is not applicable for the current taxation year but your corporation has CMT Credit Carryovers that you want to apply to reduce income tax otherwise payable, then proceed to and complete the Application of CMT Credit Carryovers section part B, on Page 8.

**Corporate Minimum Tax (CMT)**

CT23 Page 8 of 20

Total Assets of the corporation	240 +	64,957,000	
Total Revenue of the corporation	241 +	66,241,317	

The above amounts include the corporation's and associated corporations' share of any partnership(s) / joint venture(s) total assets and total revenue.

If you are a member of an associated group (✓) 242 ☒ (Yes)

Name of associated corporation (Canadian & foreign)	Ontario Corporations Tax Account No. (MOF) (if applicable)	Taxation Year End	Total Assets	Total Revenue
As per attached Schedule		+ 243	2,000,000 + 244	
		+ 245		+ 246
		+ 247		+ 248
Aggregate Total Assets 240 + 243 + 245 + 247, etc.		249 =	66,957,000	
Aggregate Total Revenue 241 + 244 + 246 + 248, etc.		250 =		66,241,317

**Determination of Applicability**

Applies if either Total Assets 249 exceeds \$5,000,000 or Total Revenue 250 exceeds \$10,000,000.

**Short Taxation Years** - Special rules apply for determining total revenue where the taxation year of the corporation or any associated corporation or any fiscal period of any partnership(s) / joint venture(s) of which the corporation or associated corporation is a member, is less than 51 weeks.

**Associated Corporation** - The total assets or total revenue of associated corporations is the total assets or total revenue for the taxation year ending on or before the date of the claiming corporation's taxation year end.

If CMT is applicable to current taxation year, complete section Calculation: CMT below and Corporate Minimum Tax Schedule 101.

Calculation: CMT (Attach Schedule 101.)

Gross CMT Payable - CMT Base From Schedule 101 2136	4,110,800 X	From 30	100.0000 % X 4%	276 =	164,432
	If negative, enter zero		Ontario Allocation		
Subtract: Foreign Tax Credit for CMT purposes (Attach schedule)				277	
Subtract: Income Tax			From 190 -		770,551
Net CMT Payable (if negative, enter Nil on page 17.)				280	

If 280 is less than zero and you do not have a CMT credit carryover, transfer 230 from Page 7 to Income Tax Summary, on Page 17.

If 280 is less than zero and you have a CMT credit carryover, complete A & B below.

If 280 is greater than or equal to zero, transfer 230 to Page 17 and transfer 280 to Page 17, and to Part 4 of Schedule 101: Continuity of CMT Credit Carryovers.

CMT Credit Carryover available From Schedule 101	From 2333
--------------------------------------------------	-----------

**Application of CMT Credit Carryovers**

A.	Income Tax (before deduction of specified credits)	From 190 +	770,551
	Gross CMT Payable	From 276 +	164,432
	Subtract: Foreign Tax Credit for CMT purposes	From 277 -	
	If 276 - 277 is negative, enter NIL in 290	=	164,432
	Income Tax eligible for CMT Credit	290 -	164,432
		300	600,119
B.	Income Tax (after deduction of specified credits)	From 230 +	770,551
	Subtract: CMT credit used to reduce income taxes	310	
	Income Tax	320	770,551

Transfer to Page 17

If A & B apply, 310 cannot exceed the lesser of 230, 300 and your CMT credit carryover available 2333.

If only B applies, 310 cannot exceed the lesser of 230 and your CMT credit carryover available 2333.

**Capital Tax** (Refer to Guide and Int.B. 3011R)

CT23 Page 9 of 20

If your corporation is a Financial Institution (s.58(2)), complete lines 480 and 430 on page 10 then proceed to page 13.

If your corporation is not a member of an associated group and/or partnership and the Gross Revenue and Total Assets as calculated on page 10 in 480 and 430 are both \$3,000,000 or less, your corporation is exempt from Capital Tax for the taxation year, except for a branch of a non-resident corporation. A corporation that meets these criteria should disregard all other Capital Tax items (including the calculation of Taxable Capital). Enter NIL in 550 on page 12 and complete the return from that point. All other corporations must compute their Taxable Capital in order to determine their Capital Tax payable.

Members of a partnership (limited or general) or a joint venture, must attach all financial statements of each partnership or joint venture of which they are a member. The Paid-up Capital of each corporate partner must include its share of liabilities that would otherwise be included if the partnership were a corporation. If Investment

Allowance is claimed, Total Assets must be adjusted by adding the corporation's share of the partnership's Total Assets and by deducting Investments in the partnership as it appears on the corporation's balance sheet, in addition to any other required adjustments (s.61(5)). Special rules apply to limited partnerships (Int.B. 3017R).

Any Assets and liabilities of a corporation that are being utilized in a joint venture must be included along with the corporation's other Assets and liabilities when calculating its Taxable Paid-up Capital. Special rules and rates apply to Non-Resident corporations (s.63, s.64 and s.69(3)).

**Paid-up Capital of Non-resident:** Paid-up capital employed in Canada of a non-resident subject to tax by virtue of s. 2(2)(a) or 2(2)(b), and whose business is not carried on solely in Canada is deemed to be the greater of (1) taxable income in Canada divided by 8 percent or (2) total assets in Canada minus certain indebtedness in accordance with the provisions of s.63(1)(a) (Int.B. 3010).

**Paid-up Capital**

Paid-up capital stock (Int.B. 3012R and 3015R)	350 +	25,240,392
Retained earnings (if deficit, deduct) (Int.B. 3012R)	351 ±	937,264
Capital and other surpluses, excluding appraisal surplus (Int.B. 3012R)	352 +	
Loans and advances (Attach schedule) (Int.B. 3013R)	353 +	29,928,586
Bank loans (Int.B. 3013R)	354 +	
Bankers acceptances (Int.B. 3013R)	355 +	
Bonds and debentures payable (Int.B. 3013R)	356 +	
Mortgages payable (Int.B. 3013R)	357 +	
Lien notes payable (Int.B. 3013R)	358 +	
Deferred credits (including income tax reserves, and deferred revenue where it would also be included in paid-up capital for the purposes of the large corporations tax) (Int.B. 3013R)	359 +	
Contingent, investment, inventory and similar reserves (Int.B. 3012R)	360 +	
Other reserves not allowed as deductions for income tax purposes (Attach schedule) (Int.B. 3012R)	361 +	834,000
Share of partnership(s) or joint venture(s) paid-up capital (Attach schedule(s)) (Int.B. 3017R)	362 +	
<b>Subtotal</b>	370 =	56,940,242
Subtract: Amounts deducted for income tax purposes in excess of amounts booked (Retain calculations. Do not submit.) (Int.B. 3012R)	371 -	(7,380,000)
Deductible R&D expenditures and ONTTI costs deferred for income tax if not already deducted for book purposes (Int.B. 3015R)	372 -	
<b>Total Paid-up Capital</b>	380 =	64,320,242
Subtract: Deferred mining exploration and development expenses (s.62(1)(d)) (Int.B. 3015R)	381 -	
<b>Electrical Generating Corporations Only</b> - All amounts with respect to electrical generating assets, except to the extent that they have been deducted by the corporation in computing its income for income tax purposes for the current or any prior taxation year, that are deductible by the corporation under clause 11(10)(a) of the <i>Corporations Tax Act</i> , and the assets are used both in generating electricity from a renewable or alternative energy source and are qualifying property as prescribed by regulation	382 ±	
<b>Net Paid-up Capital</b>	390 =	64,320,242

**Eligible Investments** (Refer to Guide and Int.B. 3015R)

Attach computations and list of corporation names and investment amounts. Short-term investments (bankers acceptances, commercial paper, etc.) are eligible for the allowance only if issued for a term of and held for 120 days or more prior to the year end of the investor corporation.

Bonds, lien notes and similar obligations, (similar obligations, e.g. stripped interest coupons, applies to taxation years ending after October 30, 1998)	402 +	
Mortgages due from other corporations	403 +	
Shares in other corporations (certain restrictions apply) (Refer to Guide)	404 +	
Loans and advances to unrelated corporations	405 +	
Eligible loans and advances to related corporations (certain restrictions apply) (Refer to Guide)	406 +	
Share of partnership(s) or joint venture(s) eligible investments (Attach schedule)	407 +	
<b>Total Eligible Investments</b>	410 ±	

continued on Page 10

**Capital Tax** *continued from Page 9*

CT23 Page 10 of 20

**Total Assets** (Int.B. 3015R)

Total Assets per balance sheet	420 +	64,957,000
Mortgages or other liabilities deducted from assets	421 +	
Share of partnership(s)/joint venture(s) total assets <i>(Attach schedule)</i>	422 +	
Subtract: Investment in partnership(s)/joint venture(s)	423 -	
<b>Total Assets as adjusted</b>	430 =	64,957,000
Amounts in 360 and 361 (if deducted from assets)	440 +	
Subtract: Amounts in 371, 372 and 381	441 -	(7,380,000)
Subtract: Appraisal surplus if booked	442 -	
Add or Subtract: Other adjustments (specify on an attached schedule)	443 ±	
<b>Total Assets</b>	450 =	72,337,000

**Investment Allowance**  $(410 \div 450) \times 390$ 

Not to exceed 410

460 =

**Taxable Capital**  $390 - 460$ 

470 =

64,320,242

Gross Revenue (as adjusted to include the share of any partnership(s)/joint venture(s) Gross Revenue)

Gross Revenue of the corporation	66,241,317	
Corporation's Share of partnership(s)/joint venture(s) Gross Revenue <i>(Attach schedule)</i>		
Aggregate of Gross Revenue	66,241,317	480 = 66,241,317
<b>Total Assets (as adjusted)</b>	From 430	64,957,000

**Calculation of Capital Tax for all Corporations except Financial Institutions***Note: This version (2007) of the CT23 may only be used for a taxation year that commenced after December 31, 2004.**Financial Institutions use calculations on page 13.*

- Important:** If the corporation is a family farm corporation, family fishing corporation or a credit union that is not a Financial Institution, complete only Section A below.
- OR** If the corporation is not a member of an associated group and/or partnership, complete Section B below, then review only the Capital Tax calculations in Section C on page 11, selecting and completing the one specific subsection (e.g. C3) that applies to the corporation.
- OR** If the corporation is a member of an associated group and/or partnership, complete Section B below and Section D on page 11, and if applicable, complete Section E or Section F on page 12. Note: If the corporation is a member of a connected partnership, please refer to the CT23 Guide for additional instructions before completing the Capital Tax section.

**SECTION A**

This section applies only if the corporation is a family farm corporation, a family fishing corporation or a credit union that is not a Financial Institution (Int.B. 3018).

Enter NIL in 550 on page 12 and complete the return from that point.

**SECTION B****B1. Calculation of Taxable Capital Deduction (TCD)**

		Number of Days in Taxation Year			
		Days after Dec. 31, 2004 and before Jan. 1, 2008	Total Days		
7,500,000	X	36	73	365	= 501 +
		Days after Dec. 31, 2005 and before Jan. 1, 2007	Total Days		
10,000,000	X	37	73	365	= 502 +
		Days after Dec. 31, 2006 and before Jan. 1, 2008	Total Days		
12,500,000	X	38	73	365	= 504 + 12,500,000
		Days after Dec. 31, 2007 and before Jan. 1, 2009	Total Days		
15,000,000	X	39	73	365	= 505 +
<b>Taxable Capital Deduction (TCD)</b>		501 + 502 + 504 + 505		503 =	12,500,000

**B2.** This section applies to corporations to calculate the prorated capital tax rate.

## Calculation of Capital Tax Rate

		Number of Days in Taxation Year			
		Days before Jan. 1, 2007	Total Days		
0.3 %	X	556	73	365	= 511 %
		Days after Dec. 31, 2006 and before Jan. 1, 2009	Total Days		
0.285 %	X	557	73	365	= 512 0.2850 %
<b>Capital Tax Rate</b>		511 + 512		= 516	0.2250 %

continued on Page 11

**Capital Tax Calculation** *continued from Page 10*

CT23 Page 11 of 20

**SECTION C** *This section applies if the corporation is not a member of an associated group and/or partnership.*

This section applies if the corporation is not a member of an associated group and/or partnership.

**C1.** If 430 and 480 on page 10 are both \$3,000,000 or less, enter NIL in 550 on page 12 and complete the return from that point.**C2.** If Taxable Capital in 470 is equal to or less than the TCD in 503, enter NIL in 550 on page 12 and complete the return from that point.**C3.** If Taxable Capital in 470 exceeds the TCD in 503, complete the following calculation and transfer the amount from 523 to 543 on page 12, and complete the return from that point.

+ From 470				Days in taxation year		
- From 503						
= 471						
	x From 30	100.0000 %	x From 516	0.2250 %	x 555	365 = 523 +
		Ontario Allocation		Capital Tax Rate		365 (366 if leap year)
						If floating taxation year, refer to Guide.
						Transfer to 543 on page 12 and complete the return from that point

**SECTION D** *This section applies ONLY to a corporation that is a member of an associated group (excluding Financial Institutions and corporations exempt from Capital Tax) and/or partnership. You must check either 509 or 524 and complete this section before you can calculate your Capital Tax calculation under either Section E or Section F.*

This section applies ONLY to a corporation that is a member of an associated group (excluding Financial Institutions and corporations exempt from Capital Tax) and/or partnership. You must check either 509 or 524 and complete this section before you can calculate your Capital Tax calculation under either Section E or Section F.

**D1.** ☐ 509 (✓ if applicable) All corporations that you are associated with do not have a permanent establishment in Canada. If Taxable Capital 470 on page 10 is equal to or less than the TCD 503 on page 10, enter NIL in 550 on page 12 and complete the return from that point. If Taxable Capital 470 on page 10 exceeds the TCD 503 on page 10, proceed to Section E, enter the TCD amount in 542 in Section E, and complete Section E and the return from that point.

**D2.** ☒ 524 (✓ if applicable) One or more of the corporations that you are associated with maintains a permanent establishment in Canada. You and your associated group may continue to allocate the TCD by completing the Calculation below. Or, the associated group may file an election under subsection 69(2.1) of the *Corporations Tax Act*, whereby total assets are used to allocate the TCD among the associated group. Once a ss.69(2.1) election is filed, all members of the group will then be required to file in accordance with the election and allocate a portion (portion is henceforth referred to as Net Deduction) of the capital tax effect relating to the TCD to each corporation in the group on the basis of the ratio that each corporation's total assets multiplied by its Ontario allocation is to the total assets of the group. The total asset amounts and Ontario allocation percentages to be used for this calculation must be taken from each corporation's financial information from its last taxation year ending in the immediately preceding calendar year. In addition, although each corporation in the associated group may deduct its Net Deduction amount as apportioned by the total asset formula, the group may, at the group's option, reallocate the group's total Net Deduction among the group on what ever basis the corporate group wishes, as long as the total of the reallocated amounts does not exceed the group's total Net Deduction amount originally calculated for the associated group.

D2. Calculation is on next page

continued on Page 12

**Capital Tax Calculation** *continued from Page 11*

CT23 Page 12 of 20

**D2. Calculation** Do not complete this calculation if ss.69(2.1) election is filedTaxable Capital from 470 on page 10 From 470 + 64,320,242**Determine aggregate taxable capital of an associated group (excluding financial institutions and corporations exempt from capital tax) and/or partnership having a permanent establishment in Canada**

Names of associated corporations (excluding Financial Institutions and corporations exempt from Capital Tax) having a permanent establishment in Canada	Ontario Corporations Tax Account No. (MOF) (if applicable)	Taxation Year End	Taxable Capital
As per attached Schedule		+ 531	2,000,000
		+ 532	
		+ 533	

Aggregate Taxable Capital 470 + 531 + 532 + 533, etc. 540 = 66,320,242

If 540 above is equal to or less than the TCD 503 on page 10, the corporation's Capital Tax for the taxation year, is NIL.

Enter NIL in 523 in section E below, as applicable.

If 540 above is greater than the TCD 503 on page 10, the corporation must compute its share of the TCD below in order to calculate its Capital Tax for the taxation year under Section E below.

From 470 64,320,242 + From 540 66,320,242 X From 503 12,500,000 541 = 12,123,041

*Transfer to 542 in Section E below*

**Ss.69(2.1) Election Filed**

☐ 591 (✓ if applicable) Election filed. Attach a copy of Schedule 591 with this CT23 Return.  
Proceed to Section F below.

**SECTION E**

This section applies if the corporation is a member of an associated group and/or partnership whose total aggregate Taxable Capital 540 above, exceeds the TCD 503 on page 10.

Complete the following calculation and transfer the amount from 523 to 543, and complete the return from that point.

+ From

470	64,320,242								
- 542	12,123,041								
= 471	52,197,201	x From 30	100.0000 %	x From 516	0.2250 %	x 555	365	= 523 +	117,444
			Ontario Allocation		Capital Tax Rate		*365 (366 if leap year)		<i>Transfer to 543 and complete the return from that point</i>

**SECTION F**

This section applies if a corporation is a member of an associated group and the associated group has filed a ss.69(2.1) election

+ From

470		X From 30	100.0000 %	x From 516	0.2250 %			= 561 +	
			Ontario Allocation		Capital Tax Rate				
- Capital tax deduction from 995 relating to your corporation's Capital Tax deduction, on Schedule 591								From 995	
								562 =	
Capital Tax	562			X					
					Days in taxation year				
					555	365	= 563 +		
					*365 (366 if leap year)				<i>Transfer to 543 and complete the return from that point</i>

\* If floating taxation year, refer to Guide.

Capital Tax before application of specified credits	543 =	117,444
Subtract: Specified Tax Credits applied to reduce capital tax payable (Refer to Guide)	546 =	
Capital Tax 543 - 546 (amount cannot be negative)	550 =	117,444
		<i>Transfer to Page 17</i>

continued on Page 13



**Capital Tax** continued from Page 12

CT23 Page 13 of 20

**Calculation of Capital Tax for Financial Institutions****1.1 Credit Unions Only**

For taxation years commencing after May 4, 1999 enter NIL in 550 on page 12, and complete the return from that point.

**1.2 Other than Credit Unions**

(Retain details of calculations for amounts in boxes 565 and 570. Do not submit with this tax return.)

565	Lesser of adjusted Taxable Paid Up Capital and Basic Capital Amount in accordance with Division B.1	x 567	0.5700 %	x From 30	% x 555	Days in taxation year *365 (366 if leap year)	= 569 +
			Capital Tax Rate(1) (Refer to Guide)	Ontario Allocation			

570	Adjusted Taxable Paid Up Capital in accordance with Division B.1 in excess of Basic Capital Amount	x 571	%	x From 30	% x 555	Days in taxation year *365 (366 if leap year)	= 574 +
			Capital Tax Rate(2) (Refer to Guide)	Ontario Allocation			

Capital Tax for Financial Institutions - other than Credit Unions (before Section 2) 569 + 574

575

\* If floating taxation year, refer to Guide.

**2. Small Business Investment Tax Credit**

(Retain details of eligible investment calculation and, if claiming an investment in CSBIF, retain the original letter approving the credit issued in accordance with the Community Small Business Investment Fund Act. Do not submit with this tax return.)

Allowable Credit for Eligible Investments 585

Financial Institutions: Claiming a tax credit for investment in Community Small Business Investment Fund (CSBIF)? ☒ Yes ☐ NoCapital Tax - Financial Institutions 575 - 585 586 =  
Transfer to 543 on Page 12**Premium Tax (s.74.2 & 74.3)** (Refer to Guide)

- (1) Uninsured Benefits Arrangements 587 x 2% 588 =  
*Applies to Ontario-related uninsured benefits arrangements.*
- (2) Unlicensed Insurance (enter premium tax payable in 588 and attach a detailed schedule of calculations. If subject to tax under (1) above, add both taxes together and enter total tax in 588.)  
*Applies to Insurance Brokers and other persons placing insurance for persons resident or property situated in Ontario with unlicensed insurers.*

Deduct: Specified Tax Credits applied to reduce premium tax (Refer to Guide) 589

Premium Tax 588 - 589 590 =

Transfer to Page 17

**Reconcile net income (loss) for federal income tax purposes with net income (loss) for Ontario purposes if amounts differ**

Net Income (loss) for federal income tax purposes, per federal T2 Schedule 1 600± 5,517,205  
Transfer to Page 15

**Add:**

Federal capital cost allowance	601+	3,230,333
Federal cumulative eligible capital deduction	602+	111,954
Ontario taxable capital gain	603+	
Federal non-allowable reserves. Balance beginning of year	604+	804,943
Federal allowable reserves. Balance end of year	605+	
Ontario non-allowable reserves. Balance end of year	606+	834,000
Ontario allowable reserves. Balance beginning of year	607+	
Federal exploration expenses (e.g. CEDE, CEE, CDE, COGPE)	608+	
Federal resource allowance (Refer to Guide)	609+	
Federal depletion allowance	610+	
Federal foreign exploration and development expenses	611+	
Crown charges, royalties, rentals, etc. deducted for Federal purposes (Refer to Guide)	617+	
Management fees, rents, royalties and similar payments to non-arms' length non-residents		

**Number of Days in Taxation Year**

Days after Dec. 31, 2002 and before Jan. 1, 2004      Total Days  
 612 X 5/12.5 X 33 + 73 365 = 633+

Days after Dec. 31, 2003      Total Days  
 612 X 5/14.0 X 34 365 + 73 365 = 634+

Total add-back amount for Management fees, etc. 633 + 634 = 613±  
 Federal Scientific Research Expenses claimed in year from line 460 of fed. form T661 excluding any negative amount in 473 from Ont. CT23 Schedule 161 615±  
 Add any negative amount in 473 from Ont. CT23 Schedule 161 616±  
 Federal allowable business investment loss 620+  
 Total of other items not allowed by Ontario but allowed federally (Attach schedule) 614±  
 Total of Additions 601 to 611 + 617 + 613 + 615 + 616 + 620 + 614 = 4,981,230 640 4,981,230  
Transfer to Page 15

**Deduct:**

Ontario capital cost allowance (excludes amounts deducted under 675)	650+	3,243,601
Ontario cumulative eligible capital deduction	651+	111,954
Federal taxable capital gain	652+	
Ontario non-allowable reserves. Balance beginning of year	653+	804,943
Ontario allowable reserves. Balance end of year	654+	
Federal non-allowable reserves. Balance end of year	655+	834,000
Federal allowable reserves. Balance beginning of year	656+	
Ontario exploration expenses (e.g. CEDE, CEE, CDE, COGPE) (Retain calculations. Do not submit.)	657+	
Ontario depletion allowance	658+	
Ontario resource allowance (Refer to Guide)	659+	
Ontario current cost adjustment (Attach schedule)	661±	
CCA on assets used to generate electricity from natural gas, alternative or renewable resources	675±	
Subtotal of deductions for this page 650 to 659 + 661 + 675	681	4,994,498

Transfer to Page 15

continued on Page 15

**Reconcile net income (loss) for federal income tax purposes with net income (loss)  
for Ontario purposes if amounts differ**  
*continued from Page 14*

Net income (loss) for federal income tax purposes, per federal Schedule 1	From 600 ±	5,517,205
Total of Additions on page 14	From 640 =	4,981,230

Sub Total of deductions on page 14	From 681 =	4,994,498
------------------------------------	------------	-----------

**Deduct:**

**Ontario New Technology Tax Incentive (ONTTI) Gross-up**  
(Applies only to those corporations whose Ontario allocation is less than 100% in the current taxation year.)

Capital Cost Allowance (Ontario) (CCA) on prescribed  
qualifying intellectual property deducted in the current  
taxation year

662

**ONTTI Gross-up deduction calculation:**

From Gross-up of CCA From

662	x 100/30	100.0000	- From 662	663
Ontario Allocation				

**Workplace Child Care Tax Incentive (WCCT)**  
(Applies to eligible expenditures incurred prior to January 1, 2005.)

Qualifying expenditures: 665	x 30%	From 100.0000	666
Ontario Allocation			

**Workplace Accessibility Tax Incentive (WATI)**  
(Applies to eligible expenditures incurred prior to January 1, 2005.)

Qualifying expenditures: 667	x 100%	From 100.0000	668
Ontario Allocation			

Number of Employees accommodated 669

**Ontario School Bus Safety Tax Incentive (OSBSTI)**  
(Applies to the eligible acquisition of school buses purchased after May 4, 1999 and before January 1, 2006.) (Refer to Guide)

Qualifying expenditures: 670	x 30%	From 100.0000	671
Ontario Allocation			

**Educational Technology Tax Incentive (ETTI)**  
(Applies to eligible expenditures incurred prior to January 1, 2005.)

Qualifying expenditures: 672	x 15%	From 100.0000	673
Ontario Allocation			

Ontario allowable business investment loss	678 +
--------------------------------------------	-------

Ontario Scientific Research Expenses claimed in year in 477 from Ont. CT23 Schedule 161	679 +
-----------------------------------------------------------------------------------------	-------

Amount added to income federally for an amount that was negative on federal form T661, line 454 or 455 (if filed after June 30, 2003)	677 +
---------------------------------------------------------------------------------------------------------------------------------------	-------

Total of other deductions allowed by Ontario (Attach schedule)	664 +
----------------------------------------------------------------	-------

Total of Deductions 681 + 663 + 666 + 668 + 671 + 673 + 678 + 679 + 677 + 664	=	4,994,498	680	4,994,498
-------------------------------------------------------------------------------	---	-----------	-----	-----------

Net income (loss) for Ontario Purposes 600 + 640 - 680	690 =	5,503,937
Transfer to Page 4		

**Continuity of Losses Carried Forward**

CT23 Page 16 of 20

	Non-Capital Losses (1)	Total Capital Losses	Farm Losses	Restricted Farm Losses	Listed Personal Property Losses	Limited Partnership Losses (8)
Balance at Beginning of Year	700 (2)	710 (2)	720 (2)	730	740	750
Add:	701	711	721	731	741	751
Current year's losses (7)	702	712	722	732		752
Losses from predecessor corporations (3)	703	713	723	733	743	753
Subtotal	704 (2)	715 (2)(4)	724 (2)	734 (2)(4)	744 (4)	754 (4)
Subtract:	705		725	735	745	
Utilized during the year to reduce taxable income	706 (2) To Pg 17	716 (2) To Pg 17	726 (2) To Pg 17	736 (2) To Pg 17	746	
Expired during the year	707	717	727	737	747	757
Carried back to prior years to reduce taxable income (5)						
Subtotal	709 (8)	719	729	739	749	759
Balance at End of Year						

**Analysis of Balance at End of Year by Year of Origin**

Year of Origin (oldest year first)	Non-Capital Losses	Non-Capital Losses of Predecessor Corporations	Total Capital Losses from Listed Personal Property only	Farm Losses	Restricted Farm Losses
800 9th preceding taxation year	817 (9)	860 (9)		850	870
801 8th preceding taxation year	818 (9)	861 (9)		851	871
802 7th preceding taxation year	819 (9)	862 (9)		852	872
803 6th preceding taxation year	820	830	840	853	873
2001/12/31					
804 5th preceding taxation year	821	831	841	854	874
2002/12/31					
805 4th preceding taxation year	822	832	842	855	875
2003/12/31					
806 3rd preceding taxation year	823	833	843	856	876
2004/12/31					
807 2nd preceding taxation year	824	834	844	857	877
2005/12/31					
808 1st preceding taxation year	825	835	845	858	878
2006/12/31					
809 Current taxation year	826	836	846	859	879
2007/12/31					
Total	829	839	849	869	889

**Notes:**

- (1) Non-capital losses include allowable business investment losses, fed.s.111(8)(b), as made applicable by s.34.
- (2) Where acquisition of control of the corporation has occurred, the utilization of losses can be restricted. See fed.s.111(4) through 111(5.5), as made applicable by s.34.
- (3) Includes losses on amalgamation (fed.s.87(2.1) and s.87(2.11)) and/or wind-up (fed.s.88(1.1) and 88(1.2)), as made applicable by s.34.
- (4) To the extent of applicable gains/income/at-risk amount only.
- (5) Generally a three year carry-back applies. See fed.s.111(1) and fed.s.41(2)(b), as made applicable by s.34.
- (6) Where a limited partner has limited partnership losses, attach loss calculations for each partnership.
- (7) Include amount from 11 if taxable income is adjusted to claim unused foreign tax credit for federal purposes.
- (8) Amount in 709 must equal total of 829 + 839.
- (9) Include non-capital losses incurred in taxation years ending after March 22, 2004.

**Request for Loss Carry-Back (s.80(16))**

CT23 Page 17 of 20

**Applies** to corporations requesting a reassessment of the return of one or more previous taxation years under s.80(16) with respect to one or more types of losses carried back.

- If, after applying a loss carry-back to one or more previous years, there is a balance of loss available to carry forward to a future year, it is the corporation's responsibility to claim such a balance for those years following the year of loss within the limitations of fed.s.111, as made applicable by s.34.
- Where control of a corporation has been acquired by a person or group of persons, certain restrictions apply to the carry-forward and carry-back provisions of losses under fed.s.111(4) through 111(5.5), as made applicable by s.34.
- Refunds arising from the loss carry-back adjustment may be applied by the Minister of Finance to amounts owing under any Act administered by the Ministry of Finance.
- Any late filing penalty applicable to the return for which the loss is being applied will not be reduced by the loss carry-back.
- The application of a loss carry-back will be available for interest calculation purposes on the day that is the latest of the following:
  - 1) the first day of the taxation year after the loss year,
  - 2) the day on which the corporation's return for the loss year is delivered to the Minister, or
  - 3) the day on which the Minister receives a request in writing from the corporation to reassess the particular taxation year to take into account the deduction of the loss.
- If a loss is being carried back to a predecessor corporation, enter the predecessor corporation's account number and taxation year end in the spaces provided under Application of Losses below.

Application of Losses			Non-Capital Losses	Total Capital Losses	Farm Losses	Restricted Farm Losses
Total amount of loss			910	920	930	940
Deduct: Loss to be carried back to preceding taxation years and applied to reduce taxable income.						
	Predecessor Corporation's Tax Account No. (MOF)	Taxation Year Ending	911	921	931	941
i) 3rd preceding	901	2004/12/31	912	922	932	942
ii) 2nd preceding	902	2005/12/31	913	923	933	943
iii) 1st preceding	903	2006/12/31	From 706	From 716	From 726	From 736
Total loss to be carried back			919	929	939	949
Balance of loss available for carry-forward						

**Summary**

Income Tax	From 230 or 320	770,551
Corporate Minimum Tax	From 280	
Capital Tax	From 550	117,444
Premium Tax	From 590	
<b>Total Tax Payable</b>	<b>950</b>	<b>887,995</b>
Subtract:		
Payments	960	
Capital Gains Refund (s.48)	965	
Qualifying Environmental Trust Tax Credit		
(Refer to Guide)	985	
Specified Tax Credits		
(Refer to Guide)	955	
<b>Balance</b>	<b>970</b>	<b>887,995</b>
If payment due	Enclosed *	990
If overpayment: Refund (Refer to Guide)	975	
Apply to 2007/12/31	980	42,939
(Includes credit interest)		

\* Make your cheque (drawn on a Canadian financial institution) or a money order in Canadian funds, payable to the Minister of Finance and print your Ontario Corporation's Tax Account No. (MOF) on the back of cheque or money order. (Refer to Guide for other payment methods.)

**Certification**

I am an authorized signing officer of the corporation. I certify that this CT23 return, including all schedules and statements filed with or as part of this CT23 return, has been examined by me and is a true, correct and complete return and that the information is in agreement with the books and records of the corporation. I further certify that the financial statements accurately reflect the financial position and operating results of the corporation as required under section 75 of the *Corporations Tax Act*. The method of computing income for this taxation year is consistent with that of the previous year, except as specifically disclosed in a statement attached.

Name	Jain Clinton	
Title	Chief Financial Officer	
Full Residence Address	590 Steven Court	
City	Newmarket	
Province	Country	Postal Code
ON	CA	L3Y 6Z2
Signature	Date	
	2008/12/05	

Note: Section 76 of the *Corporations Tax Act* provides penalties for making false or misleading statements or omissions.



Ministry of Finance  
Corporations Tax  
PO Box 620  
33 King Street West  
Oshawa ON L1H 8E9

# Ontario Capital Cost Allowance Schedule 8

## ONTARIO CAPITAL COST ALLOWANCE

Corporation's Legal Name Newmarket Hydro Ltd.		Ontario Corporations Tax Account No. (MOF) 1800138	Taxation Year End 2007/12/31
--------------------------------------------------	--	-------------------------------------------------------	---------------------------------

Is the corporation electing under regulation 1101(5q)? 101 1 ☐ Yes 2 ☒ No

1 Class number	2 Ontario undepreciated capital cost at the beginning of the year	3 Cost of acquisitions during the year See note 1 below	4 Net adjustments	5 Proceeds of dispositions during the year	6 Ontario undepreciated capital cost (col 2 + 3 or col 2 - 4 - 5)	7 50% rule See note 2 below	8 Reduced undepreciated capital cost (col 6 - 7)	9 CCA rate %	10 Recapture of capital cost allowance	11 Terminal loss	12 Ontario capital cost allowance (col 8 x 9 or a lower amount)	13 Ontario undepreciated capital cost at the end of the year (col 6 - 12)
1	32,293,848	170,980			32,464,828	85,490	32,379,338	4			1,282,970	31,181,858
3	7,127				7,127		7,127	5			356	6,771
8	3,100,301	55,715			3,156,016	27,858	3,128,158	20			603,884	2,524,132
10	1,340,225	418,997		7,000	1,752,222	205,999	1,546,223	30			427,963	1,324,259
17	60,059				60,059		60,059	8			4,805	55,254
2	7,244,610				7,244,610		7,244,610	6			434,677	6,809,933
13	201,032	29,019			230,051	14,510	215,541				55,335	174,716
45								45				
12								100				
8								20				
47	2,270,718	8,131,335	(1,354,200)		9,047,853	4,065,668	4,982,185	8			433,611	8,614,242
47								8				
47								8				
47								8				
47								8				
Totals											3,243,601	

Enter in box 650 on the CT23

Note 1. 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) of the *Income Tax Act* (Canada).

Note 2. The net cost of acquisitions is the cost of acquisitions plus or minus certain adjustments from column 4.

Note 3. If the taxation year is shorter than 365 days, prorate the CCA claim.

Note 4. Ontario recapture should be included in net income after deducting the federal recapture and the Ontario terminal loss is deducted from net income after including the federal terminal loss.



Ministry of Revenue

Corporations Tax  
33 King Street West  
PO Box 620  
Oshawa ON L1H 8E9

## Ontario Cumulative Eligible Capital Deduction

## Schedule 10

For taxation years 2002 and later

Corporation's Legal Name Newmarket Hydro Ltd.	Ontario Corporations Tax Account No. (MOF) 1800138	Taxation Year End 2007/12/31
--------------------------------------------------	-------------------------------------------------------	---------------------------------

- For use by a corporation that has eligible capital property.
- A separate cumulative eligible capital account must be kept for each business.

## Part 1 - Calculation of current year deduction and carry-forward

Ontario Cumulative eligible capital - balance at beginning of taxation year (if negative, enter zero) ..... + 1,599,347 A

Add: Cost of eligible capital property acquired

during the taxation year

+

B

Other adjustments

+

C

B + C

=

x 3/4

=

D

Non-taxable portion of a non-arm's length transferor's gain  
realized on the transfer of an eligible capital property to  
the corporation after December 20, 2002

x 1/2

=

E

D minus E (if negative, enter zero)

=

+

F

Amount transferred on amalgamation or wind-up of subsidiary

+

G

Subtotal A + F + G

=

1,599,347

H

Deduct:

Ontario proceeds of sales (less outlays and expenses not otherwise  
deductible) from the disposition of all eligible capital property  
during the taxation year

+

I

The gross amount of a reduction in respect of a forgiven debt obligation  
as provided for in subsection 80(7) of the *Income Tax Act* (Canada)

+

J

Other adjustments

+

K

I + J + K

=

x 3/4

=

-

L

Ontario cumulative eligible capital balance H minus L

=

1,599,347

M

If M is negative, enter zero at line Q and proceed to Part 2, page 2.

Cumulative eligible capital for a property no longer  
owned after ceasing to carry on that business

N

From M

1,599,347

From N -

Current year deduction M minus N

1,599,347

x 7%\*

= +

111,954

O

N + O

=

111,954

P

111,954

Note: The maximum current year deduction is 7%. Any amount up to the maximum deduction of 7% may be  
claimed. For taxation years starting after December 21, 2000, the deduction may not exceed the maximum  
amount prorated for the number of days in the taxation year divided by 365 or 366 days.

Enter amount in box 651 of the CT23

Ontario cumulative eligible capital - closing balance M minus P (if negative, enter zero)

=

1,487,393

Q

See page 2 - part 2

Amount to be included in income  $W + Z$





## Ministry of Finance

Corporations Tax  
PO Box 620  
33 King Street West  
Oshawa ON L1H 8E9

**Ontario Continuity of Reserves**  
Schedule 13

Corporation's Legal Name Newmarket Hydro Ltd.	Ontario Corporations Tax Account No. (MOF) 1800138	Taxation Year End 2007/12/31
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For use by corporations to provide a continuity of all reserves claimed which are allowed for tax purposes

**Part 1 - Capital gains reserves**

Description of property	Ontario balance at the beginning of the year	Transfer on amalgamation or wind-up of subsidiary	Ontario balance at the end of the year
<b>Totals</b>	<b>A</b>	<b>B</b>	<b>C</b>

The total capital gains reserve at the beginning of the taxation year A plus the total capital gains reserve transfer on amalgamation or wind-up of subsidiary B, should be entered on Schedule 6; and the total capital gains reserve at the end of the taxation year C, should also be entered on Schedule 6.

**Part 2 - Other reserves**

Description	Ontario balance at the beginning of the year	Transfer on amalgamation or wind-up of subsidiary	Ontario balance at the end of the year
Reserve for doubtful debts			
Reserve for undelivered goods and services not rendered			
Reserve for prepaid rent			
Reserve for December 31, 1995 income			
Reserve for refundable containers			
Reserve for unpaid amounts			
Other tax reserves			
<b>Totals</b>	<b>D</b>	<b>E</b>	<b>F</b>

The amount from D plus the amount from E should be entered in 607 of the CT23.

The amount from F should be entered in 654 of the CT23.

**Part 3 - Continuity of non-deductible reserves**

Reserve	Ontario opening balance and transfers	Ontario additions	Ontario deductions	Other adjustments	Ontario closing balance
Post employment benefits	704,943				727,000
Percentage AR allowance	100,000				107,000
<b>Totals</b>	<b>804,943</b>				<b>834,000</b>

Enter in box 653  
of the CT23

Enter in box 606  
of the CT23

# Details of Associated Ontario Corporations

Names of associated corporations (Canadian and foreign)	Permanent establishment in Canada?	Ontario Account Number	Taxation Year End
Newmarket Hydro Holdings Inc	Yes		2007/12/31
Unipower Holdings Ltd	Yes		2007/12/31
1443393 Ontario Inc	Yes		2007/12/31
1443394 Ontario Inc	Yes		2007/12/31
1443396 Ontario Inc	Yes		2007/12/31
1443397 Ontario Inc	Yes		2007/12/31
1443398 Ontario Inc	Yes		2007/12/31
1402318 Ontario Inc	Yes		2007/12/31
	Yes		

Names of associated corporations	Surtax on CCPCs	Corporate Minimum Tax		Capital Tax
	Taxable Income	Total Assets	Total Revenue	Taxable Capital
Newmarket Hydro Holdings Inc		2,000,000		2,000,000
Unipower Holdings Ltd				
1443393 Ontario Inc				
1443394 Ontario Inc				
1443396 Ontario Inc				
1443397 Ontario Inc				
1443398 Ontario Inc				
1402318 Ontario Inc				
Totals	0	2,000,000	0	2,000,000



Ministry of Finance

Corporations Tax  
PO Box 620  
33 King Street West  
Oshawa, ON L1H 8E9

## Taxable Capital of Associated Corporations

(Applicable to an associated group that  
has a permanent establishment in Canada)

Schedule CT21

Corporation's Legal Name Newmarket Hydro Ltd.	Ontario Corporations Tax Account No. (MOF) 1800138	Taxation Year End 2007/12/31
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This schedule must be completed in determining the aggregate taxable capital of an associated group and/or partnership that has a permanent establishment (PE) in Canada.

Name of Associated Corporation (Must have a PE in Canada)	Corporations Tax Account No. (MOF) (if applicable)	Taxation Year End	Taxable Capital
Newmarket Hydro Holdings Inc		2007/12/31	2,000,000
Unipower Holdings Ltd		2007/12/31	
1443393 Ontario Inc		2007/12/31	
1443394 Ontario Inc		2007/12/31	
1443396 Ontario Inc		2007/12/31	
1443397 Ontario Inc		2007/12/31	
1443398 Ontario Inc		2007/12/31	
1402318 Ontario Inc		2007/12/31	
Aggregate of taxable capital			2,000,000

Transfer to 540 of the CT23

**Ontario**

Ministry of Finance

Corporations Tax  
PO Box 620  
33 King Street West  
Oshawa ON L1H 8E9**Paid-Up Capital: Loans and Advances**

Corporation's Legal Name Newmarket Hydro Ltd.	Ontario Corporations Tax Account No. (MOP) 1800138	Taxation Year End 2007/12/31
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Loans or Advances Credited or Advanced to Corporation (includes accounts payable to related parties outstanding at the taxation year end for 120 days or more and accounts payable to non-related parties outstanding for 365 days or more at the taxation year end)	
Due to related parties	3,500,000
Long term Debt	22,000,000
Customer deposits	4,076,000
Dividends payable	
Current portion of deposits	352,586
<b>Total</b>	<b>29,928,586</b>

*Transfer to 353 on the CT23*



Corporations Tax  
PO Box 620  
33 King Street West  
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### Paid-Up Capital: Other Reserves

Corporation's Legal Name Newmarket Hydro Ltd.	Ontario Corporations Tax Account No. (MOF) 1800138	Taxation Year End 2007/12/31
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Description of Reserves NOT ALLOWED as a Deduction for Income Tax	Balance Beginning of the Year	Add	Deduct	Transfer on Amalgamation or Wind-up of Subsidiary	Balance at the End of the Year
Employee Future Benefits	704,943	22,057			727,000
AR allowance (non-specific)	100,000	7,000			107,000
Total					834,000

Transfer to 361 on the CT23

**Ontario**

Ministry of Finance

Corporations Tax  
PO Box 620  
33 King Street West  
Oshawa ON L1H 8E9**Corporate Minimum Tax - Associated Corporation**

Corporation's Legal Name Newmarket Hydro Ltd.	Ontario Corporations Tax Account No. (MOF) 1800138	Taxation Year End 2007/12/31
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Name of Associated Corporation (Canadian and Foreign)	Corporations Tax Number	Taxation Year End	Total Assets	Total Revenue
Newmarket Hydro Holdings Inc		2007/12/31	2,000,000	
Unipower Holdings Ltd		2007/12/31		
1443393 Ontario Inc		2007/12/31		
1443394 Ontario Inc		2007/12/31		
1443396 Ontario Inc		2007/12/31		
1443397 Ontario Inc		2007/12/31		
1443398 Ontario Inc		2007/12/31		
1402318 Ontario Inc		2007/12/31		
Totals			2,000,000	

Transfer to 249  
of the CT23Transfer to 250  
of the CT23