Canada Customs and Revenue Agency / Agence des douanes et du revenu du Canada

T2 CORPORATION INCOME TAX RETURN

200

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 corporate 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. If you need more information about items on the return, see the *T2 Corporation – Income Tax Guide* (T4012).

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 taxation year. For more information on when and how to file T2 returns, refer to the Guide under the heading "Before you start."

055 **Do not use this area**

Identification

Business Number (BN) 001 86360 5929 RC0001

Corporation's name

002 NIAGARA-ON-THE-LAKE HYDRO INC.

Has the corporation changed its name since the last time we were notified? 003 1 Yes ☐ 2 No ☒

If *Yes*, do you have a copy of the articles of amendment? . . . 004 1 Yes ☐ 2 No ☐

Address of head office

Has the address changed since the last time we were notified? . . . . . 010 1 Yes ☐ 2 No ☒

011 P.O. Box 460

012 8 Henegan Road

City: 015 Virgil

Province, territory, or state: 016 ON

Country (other than Canada): 017

Postal code/Zip code: 018 L0S 1T0

Mailing address (if different from head office address)

Has the address changed since the last time we were notified? . . . . . 020 1 Yes ☐ 2 No ☒

021 c/o

022

023

City: 025

Province, territory, or state: 026

Country (other than Canada): 027

Postal code/Zip code: 028

Location of books and records

Has the location of books and records changed since the last time we were notified? . . . . . 030 1 Yes ☐ 2 No ☒

031 P.O. BOX 460,

032 8 HENEGAN ROAD

City: 035 Virgil

Province,territory, or state: 036 ON

Country (other than Canada): 037

Postal code/Zip code: 038 L0S 1T0

040 **Type of corporation at the end of the taxation year**

1 ☒ Canadian-controlled private corporation (CCPC)

2 ☐ Other private corporation

3 ☐ Public corporation

4 ☐ Corporation controlled by a public corporation

5 ☐ Other corporation (specify, below)

If the type of corporation changed during the taxation year, provide the effective date of the change . . . . . 043 _____ YYYY MM DD

To which taxation year does this return apply?

060 Taxation year start: 2005-01-01 (YYYY MM DD)

061 Taxation year end: 2005-12-31 (YYYY MM DD)

Has there been an acquisition of control to which subsection 249(4) applies since the previous taxation year? 063 1 Yes ☐ 2 No ☒

If *Yes*, provide the date control was acquired . . . . . 065 _____ YYYY MM DD

Is the corporation a professional corporation that is a member of a partnership? . . . . . 067 1 Yes ☐ 2 No ☒

Is this the first year of filing after:

Incorporation? . . . . . 070 1 Yes ☐ 2 No ☒

Amalgamation? . . . . . 071 1 Yes ☐ 2 No ☒

If *Yes*, complete lines 030 to 038 and attach Schedule 24.

Has there been a windup of a subsidiary under section 88 during the current taxation year? . . . . . 072 1 Yes ☐ 2 No ☒

If *Yes*, complete and attach Schedule 24.

Is this the final taxation year before amalgamation? . . . . . 076 1 Yes ☐ 2 No ☒

Is this the final return up to dissolution? . . . . . 078 1 Yes ☐ 2 No ☒

Is the corporation a resident of Canada?

080 1 Yes ☒ 2 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 1 Yes ☐ 2 No ☒

If *Yes*, complete and attach Schedule 91.

If the corporation is exempt from tax under section 149, tick one of the following boxes:

085

1 ☐ Exempt under paragraph 149(1)(e) or (l)

2 ☐ Exempt under paragraph 149(1)(j)

3 ☐ Exempt under paragraph 149(1)(t)

4 ☐ Exempt under other paragraphs of section 149

Do not use this area

091	092	093	094	095	096

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Canada

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	X	9
Does the corporation have any non-resident shareholders?	151		19
Is the corporation an associated Canadian-controlled private corporation?	160	X	23
Is the corporation an associated Canadian-controlled private corporation that is claiming the expenditure limit?	161		49
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		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		44
Has the corporation paid any royalties, management fees, or other similar payments to residents of Canada?	164		14
Is the corporation claiming a deduction for payments to a type of employee benefit plan?	165		15
Is the corporation claiming a loss or deduction from a tax shelter acquired after August 31, 1989?	166		T5004
Is the corporation a member of a partnership for which a partnership identification number has been assigned?	167		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		22
Did the corporation have any foreign affiliates during the year?	169		25
Has the corporation made any payments to non-residents of Canada under subsections 202(1) and/or 105(1) of the federal *Income Tax Regulations*?	170		29
Has the corporation had any non-arm's length transactions with a non-resident?	171		T106
Has the corporation made payments to, or received amounts from, a retirement compensation plan arrangement during the year?	172		
For private corporations: Does the corporation have any shareholders who own 10% or more of the corporation's common and/or preferred shares?	173	X	50
Is the net income/loss shown on the financial statements different from the net income/loss for income tax purposes?	201	X	1
Has the corporation made any charitable donations; gifts to Canada, a province, or a territory; or gifts of cultural or ecological property?	202		2
Has the corporation received any dividends or paid any taxable dividends for purposes of the dividend refund?	203		3
Is the corporation claiming any type of losses?	204	X	4
Is the corporation claiming a provincial or territorial tax credit or does it have a permanent establishment in more than one jurisdiction?	205		5
Has the corporation realized any capital gains or incurred any capital losses during the taxation year?	206		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		7
Does the corporation have any property that is eligible for capital cost allowance?	208	X	8
Does the corporation have any property that is eligible capital property?	210	X	10
Does the corporation have any resource-related deductions?	212		12
Is the corporation claiming reserves of any kind?	213		13
Is the corporation claiming a patronage dividend deduction?	216		16
Is the corporation a credit union claiming a deduction for allocations in proportion to borrowing or an additional deduction?	217		17
Is the corporation an investment corporation or a mutual fund corporation?	218		18
Was the corporation carrying on business in Canada as a non-resident corporation?	220		20
Is the corporation claiming any federal or provincial foreign tax credits, or any federal or provincial logging tax credits?	221		21
Is the corporation a non-resident-owned investment corporation claiming an allowable refund?	226		26 *
Does the corporation have any Canadian manufacturing and processing profits?	227		27
Is the corporation claiming an investment tax credit?	231		31
Is the corporation claiming any scientific research and experimental development (SR&ED) expenditures?	232		T661
Is the corporation subject to gross Part I.3 tax?	233	X	33/34/35
Is the corporation a member of a related group with one or more members subject to gross Part I.3 tax?	236	X	36
Is the corporation claiming a surtax credit?	237		37
Is the corporation subject to gross Part VI tax on capital of financial institutions?	238		38
Is the corporation claiming a Part I tax credit?	242		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		43
Is the corporation agreeing to a transfer of the liability for Part VI.1 tax?	244		45
Is the corporation subject to Part II - Tobacco Manufacturers' surtax?	249		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		39
Is the corporation claiming a Canadian film or video production tax credit refund?	253		T1131
Is the corporation claiming a film or video production services tax credit refund?	254		T1177
Is the corporation subject to Part XIII.1 tax?	255		92 *

* We do not print this schedule.

Attachments – continued from page

		Yes	Schedule
Did the corporation have any foreign affiliates that are not controlled foreign affiliates?	256	☐	T1134-A
Did the corporation have any controlled foreign affiliates?	258	☐	T1134-B
Did the corporation own specified foreign property in the year with a cost amount over $100,000?	259	☐	T1135
Did the corporation transfer or loan property to a non-resident trust?	260	☐	T1141
Did the corporation receive a distribution from or was it indebted to a non-resident trust in the year?	261	☐	T1142
Has the corporation entered into an agreement to allocate assistance for SR&ED carried out in Canada?	262	☐	T1145
Has the corporation entered into an agreement to transfer qualified expenditures incurred in respect of SR&ED contracts?	263	☐	T1146
Has the corporation entered into an agreement with other associated corporations for salary or wages of specified employees for SR&ED?	264	☐	T1174

Additional information

Is the corporation inactive? 280 1 Yes ☐ 2 No ☒

Has the major business activity changed since the last return was filed? (enter *Yes* for first-time filers) 281 1 Yes ☐ 2 No ☒

What is the corporation's major business activity? 282 _____
(Only complete if *Yes* was entered at line 281.)

If the major business activity involves the resale of goods, show whether it is wholesale or retail 283 1 Wholesale ☐ 2 Retail ☐

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	Electrical Distribut	285	99.000 %
286		287	%
288		289	%

Did the corporation immigrate to Canada during the taxation year? 291 1 Yes ☐ 2 No ☒

Did the corporation emigrate from Canada during the taxation year? 292 1 Yes ☐ 2 No ☒

Taxable income

Net income or (loss) for income tax purposes from Schedule 1, financial statements, or GIFI. 300 504,575 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	
Taxable dividends deductible under section 112 or 113, or subsection 138(6) from Schedule 3	320	
Part VI.1 tax deduction from Schedule 43 *	325	
Non-capital losses of preceding taxation years from Schedule 4	331	
Net capital losses of preceding taxation years from Schedule 4	332	
Restricted farm losses of preceding taxation years from Schedule 4	333	
Farm losses of preceding taxation years from Schedule 4	334	
Limited partnership losses of preceding taxation 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") 504,575 C

Add: Section 110.5 additions or subparagraph 115(1)(a)(vii) additions 355 D

Taxable income (amount C **plus** amount D) 360 504,575

Income exempt under paragraph 149(1)(t) 370

Taxable income for a corporation with exempt income under paragraph 149(1)(t) (line 360 **minus** line 370) 504,575 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 taxation year

Income from active business carried on in Canada from Schedule 7 . . . . . **400** 504,575 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 form Part I tax . . . . . **405** 504,575 B

Calculation of the business limit:

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

225,000	x	Number of days in the taxation year in 2003 / Number of days in the taxation year	365	=		1
250,000	x	Number of days in the taxation year in 2004 / Number of days in the taxation year	365	=		2
300,000	x	Number of days in the taxation year after 2004 / Number of days in the taxation year	365 / 365	=	300,000	3
		Add amounts at lines 1, 2, and 3			300,000	4

Business limit (see notes 1 and 2 below) . . . . . **410** C

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

Amount C _____ x **415** *** _____ D / 11,250 = ... E

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

Small business deduction – 16.00 % of whichever amount is the least: A, B, C, or F . . . . . **430** G

(enter amount G on line 9 of page 7)

* Calculate the amount of foreign non-business income tax credit deductible on line 632 without reference to the refundable tax on the CCPC's investment income (line 604) and without reference to the corporate tax reductions under section 123.4.

** Calculate the amount of foreign business income tax credit deductible on line 636 without reference to the corporate tax reductions under section 123.4.

*** **Large corporation tax**

- The large corporation tax to be entered on line 415 is the gross Part I.3 tax, which is the amount before deducting the surtax credits, increased to reflect a full-year tax liability if the taxation year is less than 51 weeks. For the purpose of the business limit reduction, the gross Part I.3 tax is equal to 0.225% x (taxable capital employed in Canada **minus** $10,000,000).
- If the corporation is not associated with any corporations in both the current and the preceding taxation years, enter the corporation's gross Part I.3 tax for its **preceding** taxation year.
- If the corporation is not associated with any corporations in the current taxation year, but was associated in the preceding taxation year, enter the corporation's gross Part I.3 tax for its **current** taxation year.
- For corporations associated in the current taxation year, see Schedule 23 for the special rules that apply.

Accelerated tax reduction

Canadian-controlled private corporations throughout the taxation year that claimed the small business deduction

Reduced business limit (amount from line 425) . . . . . _____ x 300,000 / line 4 above = _____ A

Net active business income (amount from line 400) * . . . . . 504,575 B

Taxable income from line 360 on page 3 **minus** 3 times the amount at line 636** on page 7, and **minus** any amount that, because of federal law, is exempt from Part I Tax 504,575 C

Deduct:

Aggregate investment income (amount from line 440 of page 6) . . . . . _____ D

Amount C **minus** amount D (if negative, enter "0") . . . . . 504,575 ▶ 504,575 E

Amount A, B, or E above, whichever is less . . . . . _____ F

Amount Z from Part 9 of Schedule 27 . . . . . _____ x 100 / 7 = _____ G

Amount QQ from Part 13 of Schedule 27 . . . . . _____ H

Taxable resource income (amount from line 435 of page 5) . . . . . _____ I

Amount used to calculate the credit union deduction (amount E in Part 3 of Schedule 17) _____ J

Amount on line 400, 405, 410, or 425 of the small business deduction, whichever is less _____ K

Total of amounts G, H, I, J, and K . . . . . _____ ▶ _____ L

Amount F **minus** amount L (if negative, enter "0") . . . . . _____ M

Accelerated tax reduction – 7.00 % of amount M (enter amount N on line 637 of page 7) . . . . . _____ N

* If the amount at line 450 of Schedule 7 is positive, members of partnerships need to use Schedule 70 to calculate net active business income.

** Calculate the amount of foreign business income tax credit deductible at line 636 without reference to the corporate tax reductions under section 123.4.

Resource deduction

Taxable resource income [as defined in subsection 125.11(1)] . . . . . 435 _____ A

Amount A _____ x Number of days in the taxation year in 2004 / Number of days in the taxation year 365 _____ x 2 % = _____ B

Amount A _____ x Number of days in the taxation year in 2005 365 / Number of days in the taxation year 365 x 3 % = _____ C

Amount A _____ x Number of days in the taxation year in 2006 / Number of days in the taxation year 365 _____ x 5 % = _____ D

Amount A _____ x Number of days in the taxation year after 2006 / Number of days in the taxation year 365 _____ x 7 % = _____ E

Resource deduction – total of amounts B, C, D, and E . . . . . 438 _____ F
(enter amount F on line 10 of page 7)

General tax reduction for Canadian-controlled private corporations

Canadian-controlled private corporations throughout the taxation year

Taxable income from line 360 on page 3 . . . . . 504,575 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 above . . . . . _____ D
Amount used to calculate the credit union deduction (amount E in Part 3 of 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
Amount used to calculate the accelerated tax reduction (amount M of page 4) . . . . . _____ H
Total of amounts B, C, D, E, F, G, and H . . . . . _____ ▶ _____ I

Amount A **minus** amount I (if negative, enter "0") . . . . . 504,575 J

Amount J 504,575 x Number of days in the taxation year after 2003 / Number of days in the taxation year 365 / 365 x 7 % = 35,320 K

General tax reduction for Canadian-controlled private corporations – amount K . . . . . 35,320 L
(enter amount L on line 638 of page 7)

General tax reduction

Corporations other than a Canadian-controlled private corporation, an investment corporation, a mortgage investment corporation, or a mutual fund corporation

Taxable income from line 360 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 above . . . . . _____ P
Amount used to calculate the credit union deduction (amount E in Part 3 of 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 taxation year after 2003 / Number of days in the taxation year 365 / 365 x 7 % = _____ T

General tax reduction – amount T . . . . . _____ U
(enter amount U on line 639 of page 7)

Refundable portion of Part I tax

Canadian-controlled private corporations throughout the taxation year

Aggregate investment income (amount P from Part 1 of Schedule 7) ..... 440 _____ x 26 2 / 3 % = ... _____ A

Foreign non-business income tax credit from line 632 on page 7 ..... _____

Deduct:

Foreign investment income (amount O from Part 1 of Schedule 7) ..... 445 _____ x 9 1 / 3 % = _____
(if negative, enter "0") _____ ▶ _____ B

Amount A **minus** amount B (if negative, enter "0") ..... _____ C

Taxable income from line 360 on page 3 504,575

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 = _____

_____ ▶ _____

504,575

x 26 2 / 3 % = 134,553 D

Part I tax payable minus investment tax credit refund (line 700 **minus** line 780 from page 8) 111,612

Deduct: Corporate surtax from line 600 of page 7 5,651

Net amount ..... 105,961 ▶ 105,961 E

Refundable portion of Part I tax – Amount C, D, or E, whichever is the least ..... 450 _____ F

Refundable dividend tax on hand

Refundable dividend tax on hand at the end of the preceding taxation year 460 _____

Deduct: Dividend refund for the previous taxation year ..... 465 _____

_____ ▶ _____ G

Add the total of:

Refundable portion of Part I tax from line 450 above ..... _____

Total Part IV tax payable from line 360 of Schedule 3 ..... _____

Net refundable dividend tax on hand transferred from a predecessor corporation on amalgamation, or from a wound-up subsidiary corporation ... 480 _____

_____ ▶ _____ H

Refundable dividend tax on hand at the end of the taxation year – Amount G **plus** amount H ..... 485 _____

Dividend refund

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

Taxable dividends paid in the taxation year from line 460 of Schedule 3 ..... _____ x 1 / 3 _____ I

Refundable dividend tax on hand at the end of the taxation year from line 485 above ..... _____ J

Dividend refund – Amount I or J, whichever is less (enter this amount on line 784 of page 8) ..... _____

Part I tax

Base amount of Part I tax – 38.00 % of taxable income (line 360 or amount Z, whichever applies) from page 3 . . . . **550** 191,739 A

Corporate surtax calculation

Base amount from line A above		191,739	1
Deduct:			
10 % of taxable income (line 360 or amount Z, whichever applies) from page 3		50,458	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 taxation year, enter amount a, b, or c below on line 6, whichever is the least:			
28.00 % of taxable income from line 360 of page 3	a		
28.00 % of taxed capital gains	b		6
Part I tax otherwise payable (line A **plus** lines C and D **minus** line F)	c		
Total of lines 2 to 6		50,458	7
Net amount (line 1 **minus** line 7)		141,281	8

Corporate surtax – 4.00 % of the amount on line 8 . . . . **600** 5,651 B

Recapture of investment tax credit from line PPP in Part 21 of 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 taxation year)

Aggregate investment income from line 440 on page 6			i
Taxable income from line 360 on page 3	504,575		
Deduct:			
Amount on line 400, 405, 410, or 425 of page 4, whichever is the least			
Net amount	504,575 ▶	504,575	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) 197,390 E

Deduct:

Small business deduction from line 430 of page 4			9
Federal tax abatement	608	50,458	
Manufacturing and processing profits deduction from amount BB or amount RR of Schedule 27	616		
Investment corporation deduction (taxed capital gains 624)	620		
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		
Accelerated tax reduction from amount N on page 4	637		
Resource deduction from line 438 on page 5			10
General tax reduction for CCPCs from amount L on page 5	638	35,320	
General tax reduction from amount U on page 5	639		
Federal logging tax credit from Schedule 21	640		
Federal political contribution tax credit (Federal political contributions 646)	644		
Federal qualifying environmental trust tax credit	648		
Investment tax credit from Schedule 31	652		
Apprenticeship job creation tax credit			11
Subtotal		85,778 ▶	85,778 F

Part I tax payable – Line E **minus** line F (enter amount G on line 700 of page 8) . . . . 111,612 G

Summary of tax and credits

Federal tax

Part I tax payable from page 7	700	111,612
Part I.3 tax payable from Schedule 33, 34, or 35	704	
Part II surtax payable from Schedule 46	708	
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	
Total federal tax		111,612

Add provincial or territorial tax:

Provincial or territorial jurisdiction 750 Ontario
(if more than one jurisdiction, enter "multiple" and complete Schedule 5)

Net provincial or territorial tax payable (except Québec, Ontario, and Alberta)	760	
Provincial tax on large corporations (New Brunswick and Nova Scotia)	765	
Total tax payable	770	111,612 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		
Allowable refund for non-resident-owned investment corporations from Schedule 26	804	
Provincial and territorial capital gains refund from Schedule 18	808	
Provincial and territorial refundable tax credits from Schedule 5	812	
Royalties deductible under Syncrude Remission Order 815		
Tax remitted under Syncrude Remission Order	816	
Tax instalments paid	840	
Total credits	890	B
Balance (line A **minus** line B)		111,612

Refund code 894 ☐ Overpayment

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 111,612

Enclosed payment 898 111,612

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 _____ Institution number 918 _____ Account number

If the corporation is a Canadian-controlled private corporation throughout the taxation year, does it qualify for the one-month extension of the date the balance of tax is due? 896 1 Yes ☐ 2 No ☒

Certification

I, 950 WORMWELL (Last name) 951 PHILIP (First name) 954 Mgr of Finance and Administrat (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 taxation year is consistent with that of the previous year except as specifically disclosed in a statement attached to this return.

955 2006-06-22 (Date (yyyy/mm/dd)) _____ Signature of the authorized signing officer of the corporation 956 (905) 468-4235 (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 _____ Name 959 _____ Telephone number

Language of correspondence – Langue de correspondance

990 Indicate the language in which you would like to receive correspondence.
Indiquer la langue de correspondance de votre choix.
1 English / Anglais ☒ 2 Français / French ☐

Canada Customs and Revenue Agency | Agence des douanes et du revenu du Canada

SCHEDULE 1

NET INCOME (LOSS) FOR INCOME TAX PURPOSES

Corporation's name	Business Number	Taxation year end Year Month Day
NIAGARA-ON-THE-LAKE HYDRO INC.	86360 5929 RC0001	2005-12-31

- 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				432,086 A
Add:				
Provision for income taxes – current	101	220,588		
Interest and penalties on taxes	103	2,777		
Amortization of tangible assets	104	1,132,564		
Subtotal of additions		1,355,929	▶	1,355,929
Other additions:				
Miscellaneous other additions:				
600 Change in employee future benefits	290	15,780		
Subtotal of other additions	199	15,780	▶	15,780
Total additions	500	1,371,709	▶	1,371,709
Deduct:				
Gain on disposal of assets per financial statements	401	13,678		
Capital cost allowance from Schedule 8	403	1,279,910		
Cumulative eligible capital deduction from Schedule 10	405	1,321		
Subtotal of deductions		1,294,909	▶	1,294,909
Other deductions:				
Miscellaneous other deductions:				
700 Change in regulatory assets	390	4,311		
Subtotal of other deductions	499	4,311	▶	4,311
Total deductions	510	1,299,220	▶	1,299,220
Net income (loss) for income tax purposes – enter on line 300 of the T2 return				504,575

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SCHEDULE 4

CORPORATION LOSS CONTINUITY AND APPLICATION

Name of corporation	Business Number	Taxation year end Year Month Day
NIAGARA-ON-THE-LAKE HYDRO INC.	86360 5929 RC0001	2005-12-31

- For use by a corporation to determine the continuity and use of available losses; to determine the current-year non-capital loss, farm loss, restricted farm loss, and limited partnership loss; to determine the amount of restricted farm loss and limited partnership loss that may be applied in a year; and to request a loss carryback to previous years.
- The corporation can choose whether or not to deduct an available loss from income in a taxation year. It can deduct losses in any order. However, for each type of loss, deduct the oldest loss first.
- For information on these losses, see the *T2 Corporation Income Tax Guide*.
- File one completed copy of this schedule with the T2 return, or send it by itself to the tax centre where the return is filed.
- Parts, sections, subsections, and paragraphs referred to on this schedule are from the federal *Income Tax Act*.

Part 1 – Non-capital losses

Determination of current-year non-capital loss

Net income (loss) for income tax purposes		504,575
Deduct: (increase a loss)		
Net capital losses deducted in the year (enter as a positive amount)		
Taxable dividends deductible under sections 112, 113, or subsection 138(6)		
Amount of Part VI.1 tax deductible		
Amount deductible as prospector's and grubstaker's shares – Paragraph 110(1)(d.2)		
Subtotal (if positive, enter "0")		
Deduct: (increase a loss)		
Section 110.5 and/or subparagraph 115(1)(a)(vii) – Addition for foreign tax deductions		
Subtotal		
Add: (decrease a loss)		
Current-year farm loss		
Current-year non-capital loss (if positive, enter "0")		

Continuity of non-capital losses and request for a carryback

Non-capital loss at the end of preceding taxation year			
Deduct: Non-capital loss expired *	100		
Non-capital losses at beginning of taxation year	102		
Add: Non-capital losses transferred on an amalgamation or the windup of a subsidiary corporation	105		
Current-year non-capital loss (from calculation above)	110		
Deduct:			
Amount applied against taxable income (enter on line 331 of the T2 return)	130		
Amount applied against taxable dividends subject to Part IV tax	135		
Section 80 – Adjustments for forgiven amounts	140		
Subsection 111(10) – Adjustments for fuel tax rebate			
Other adjustments	150		
Subtotal			
Deduct – Request to carry back non-capital loss to:			
First preceding taxation year to reduce taxable income	901		
Second preceding taxation year to reduce taxable income	902		
Third preceding taxation year to reduce taxable income	903		
First preceding taxation year to reduce taxable dividends subject to Part IV tax	911		
Second preceding taxation year to reduce taxable dividends subject to Part IV tax	912		
Third preceding taxation year to reduce taxable dividends subject to Part IV tax	913		
Non-capital losses – Closing balance		180	

* A non-capital loss expires as follows:

- After **7** taxation years if it arose in a taxation year ending before March 23, 2004;
  or
- After **10** taxation years if it arose in a taxation year ending after March 22, 2004.

Election under paragraph 88(1.1)(f)

Paragraph 88(1.1)(f) election indicator . . . . . **190** Yes ☐

Loss from a wholly owned subsidiary deemed to be a loss of the parent from its immediately preceding taxation year.

Part 2 – Capital losses

Continuity of capital losses and request for a carryback

Capital losses at end of preceding taxation year	200	23,386	
Capital losses transferred on an amalgamation or the windup of a subsidiary corporation	205		
Current-year capital loss (from Schedule 6 calculation)	210		23,386
Add:			
Allowable business investment loss expired as non-capital loss _____ x 4/3	220		
		Subtotal	23,386
Deduct:			
Amount applied against current-year capital gain (see Note 1)	225		
Section 80 – Adjustments for forgiven amounts	240		
Other adjustments	250		
		Subtotal	23,386

Deduct – Request to carry back capital loss to: (see Note 2)

	Capital gain (100%)		Amount carried back (100%)		
First preceding taxation year		951			
Second preceding taxation year		952			
Third preceding taxation year		953			
Capital losses – Closing balance				280	23,386

Note 1
On line 332 of the T2 return, enter the amount from line 225 multiplied by 50%.

Note 2
Enter on lines 225, 951, 952, or 953, whichever applies, the actual amount of the loss. At the time of the application of the loss carryback, the net capital loss amount will be calculated at the inclusion rate of the year to which the net capital loss is applied.

Part 3 – Farm losses

Continuity of farm losses and request for a carryback

Farm losses at end of preceding taxation year			
Deduct: Farm loss expired after 10 taxation years	300		
Farm losses at beginning of taxation year	302		
Add: Farm losses transferred on an amalgamation or the windup of a subsidiary corporation	305		
Current-year farm loss	310		
Deduct:			
Amount applied against taxable income (enter on line 334 of the T2 return)	330		
Amount applied against taxable dividends subject to Part IV tax	335		
Section 80 – Adjustments for forgiven amounts	340		
Other adjustments	350		
		Subtotal	
Deduct – Request to carry back farm loss to:			
First preceding taxation year to reduce taxable income	921		
Second preceding taxation year to reduce taxable income	922		
Third preceding taxation year to reduce taxable income	923		
First preceding taxation year to reduce taxable dividends subject to Part IV tax	931		
Second preceding taxation year to reduce taxable dividends subject to Part IV tax	932		
Third preceding taxation year to reduce taxable dividends subject to Part IV tax	933		
Farm losses – Closing balance		380	

Part 4 – Restricted farm losses

Current-year restricted farm loss

Total losses for the year from farming business	485			A
Minus the deductible farm loss:				
$2,500 plus B or C, whichever is less		$ 2,500		
(Amount A above _____ – $2,500) divided by 2 =			B	
		$ 6,250	C	2,500
Current-year restricted farm loss (enter this amount on line 410 of page 3)				

Part 4 – Restricted farm losses (continued)

Continuity of restricted farm losses and request for a carryback

Restricted farm losses at end of preceding taxation year			
Deduct: Restricted farm loss expired after 10 taxation years	400		
Restricted farm losses at beginning of taxation year	402		
Add: Restricted farm losses transferred on an amalgamation or the windup of a subsidiary corporation	405		
Current-year restricted farm loss (enter on line 233 of Schedule 1)	410		
Deduct:			
Amount applied against farming income (enter on line 333 of the T2 return)	430		
Section 80 – Adjustments for forgiven amounts	440		
Other adjustments	450		
Subtotal			
Deduct – Request to carry back restricted farm loss to:			
First preceding taxation year to reduce farming income	941		
Second preceding taxation year to reduce farming income	942		
Third preceding taxation year to reduce farming income	943		
Restricted farm losses – Closing balance		480	

Note

The total losses for the year from all farming businesses are calculated without including scientific research expenses.

Part 5 – Listed personal property losses

Continuity of listed personal property loss and request for a carryback

Listed personal property losses at end of preceding taxation year			
Deduct: Listed personal property loss expired after seven taxation years		500	
Listed personal property losses at beginning of taxation year		502	
Add: Current-year listed personal property loss (from Schedule 6)		510	
Subtotal			
Deduct:			
Amount applied against listed personal property gains (enter on line 655 of Schedule 6)	530		
Other adjustments	550		
Subtotal			
Deduct – Request to carry back listed personal property loss to:			
First preceding taxation year to reduce listed personal property gains	961		
Second preceding taxation year to reduce listed personal property gains	962		
Third preceding taxation year to reduce listed personal property gains	963		
Listed personal property losses – Closing balance		580	

Part 7 – Limited partnership losses

Current-year limited partnership losses						
1	2	3	4	5	6	7
Partnership identifier 600	Fiscal period ending 602	Corporation's share of limited partnership loss 604	Corporation's at-risk amount 606	Total of corporation's share of partnership investment tax credit, farming losses, and resource expenses 608	Column 4 **minus** column 5 If negative, enter "0".	Current-year limited partnership losses Column 3 - 6 620

Total (enter this amount on line 222 of Schedule 1)

Limited partnership losses from prior taxation years that may be applied in the current year						
1	2	3	4	5	6	7
Partnership identifier 630	Fiscal period ending 632	Limited partnership losses at end of preceding taxation year 634	Corporation's at-risk amount 636	Total of corporation's share of partnership investment tax credit, business or property losses, and resource expenses 638	Column 4 **minus** column 5 If negative, enter "0".	Limited partnership losses that may be applied in the year The lesser of columns 3 and 6 650

Continuity of limited partnership losses that can be carried forward to future taxation years					
Partnership identifier 660	Limited partnership losses at end of preceding taxation year 662	Limited partnership losses transferred on an amalgamation or the windup of a subsidiary 664	Current-year limited partnership losses (from column 620) 670	Limited partnership losses applied (cannot exceed column 650) 675	Limited partnership losses closing balance (662 + 664 + 670 - 675) 680

Total (enter this amount on line 335 of the T2 return)

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SCHEDULE 8

CAPITAL COST ALLOWANCE (CCA)

Name of corporation	Business Number	Taxation year end Year Month Day
NIAGARA-ON-THE-LAKE HYDRO INC.	86360 5929 RC0001	2005-12-31

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

	1 Class number	2 Undepreciated capital cost at the beginning of the year	3 Cost of acquisitions during the year*	4 Net adjustments	5 Proceeds of dispositions during the year (amount not to exceed the capital cost)	6 Undepreciated capital cost (column 2 **plus** column 3 **plus** or **minus** column 4 **minus** column 5)	7 50% rule (1/2 of the amount, if any, by which the net cost of acquisitions exceeds column 5)**	8 Reduced undepreciated capital cost (column 6 **minus** column 7)	9 CCA rate %	10 Recapture of capital cost allowance (amount on line 107 of Schedule 1)	11 Terminal loss (amount on line 404 of Schedule 1)	12 Capital cost allowance (column 8 **multiplied** by column 9; or a lower amount) (amount on line 403 of Schedule 1)***	13 Undepreciated capital cost at the end of the year (column 6 **minus** column 12)
	200	**201**	**203**	**205**	**207**		**211**		**212**	**213**	**215**	**217**	**220**
1	1	8,416,325	- 851,880		0	9,268,205	425,940	8,842,265	4	0	0	353,691	8,914,514
2	2	4,135,106			0	4,135,106		4,135,106	6	0	0	248,106	3,887,000
3	1	4,108,813	- 2,128,383		408	6,236,788	1,063,988	5,172,800	4	0	0	206,912	6,029,876
4	2	794,300			0	794,300		794,300	6	0	0	47,658	746,642
5	1	330,839	- 48,564		0	379,403	24,282	355,121	4	0	0	14,205	365,198
6	2	134,975			0	134,975		134,975	6	0	0	8,099	126,876
7	1	695,525	1,071		0	696,596	536	696,060	4	0	0	27,842	668,754
8	2	374,811			0	374,811		374,811	6	0	0	22,489	352,322
9	8	24,015	14,735		0	38,750	7,368	31,382	20	0	0	6,276	32,474
10	8	157,602	15,817		0	173,419	7,909	165,510	20	0	0	33,102	140,317
11	10	48,145			0	48,145		48,145	30	0	0	14,444	33,
12	12	128,234	100,736		0	228,970	50,368	178,602	100	0	0	178,602	50,368
13	10	225,765	29,457		19,935	235,287	4,761	230,526	30	0	0	69,158	166,129
14	8	133,216			0	133,216		133,216	20	0	0	26,643	106,573
15	17	3,052	22,340		0	25,392	11,170	14,222	8	0	0	1,138	24,254
16	8	2,917			0	2,917		2,917	20	0	0	583	2,334
17	17	22,890			0	22,890		22,890	8	0	0	1,831	21,059
18	6	8,527			0	8,527		8,527	10	0	0	853	7,674
19	8	4,862			0	4,862		4,862	20	0	0	972	3,890
20	1	133,791	111,043		0	244,834	55,522	189,312	4	0	0	7,572	237,262
21	2	56,443			0	56,443		56,443	6	0	0	3,387	53,056
22	45	5,273	17,664		0	22,937	8,832	14,105	45	0	0	6,347	16,590
	Total	19,945,426	3,341,690		20,343	23,266,773	1,660,676	21,606,097				1,279,910	21,986,863

* 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).

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

*** If the taxation year is shorter than 365 days, prorate the CCA claim.
See the *T2 Corporation Income Tax Guide* for more information.

T2 SCH 8 (99)

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SCHEDULE 9

RELATED AND ASSOCIATED CORPORATIONS

Name of corporation	Business Number	Taxation year end Year Month Day
NIAGARA-ON-THE-LAKE HYDRO INC.	86360 5929 RC0001	2005-12-31

This schedule is to be completed by a corporation having one or more of the following:
- related corporation(s)
- associated corporations(s)

	Name 100	Country of residence (if other than Canada) 200	Business Number (Canadian corporation only) (see note 1) 300	Relationship code (see note 2) 400	Number of common shares owned 500	% of common shares owned 550	Number of preferred shares owned 600	% of preferred shares owned 650	Book value of capital stock 700
1.	Niagara-on-the-Lake Energy Inc.		86376 1490 RC0001	1	1,001	100.000			6,901,334
2.	Energy Services Niagara Inc.		86360 6125 RC0001	3					
3.	Town of Niagara-on-the-Lake		NR	4					

Note 1: Enter "NR" if a corporation is not registered.
Note 2: Enter the code number of the relationship that applies from the following order: 1 – Parent 2 – Subsidiary 3 – Associated 4 – Related, but not associated.

T2 SCH 9(99)

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SCHEDULE 10

CUMULATIVE ELIGIBLE CAPITAL DEDUCTION

Name of corporation	Business Number	Taxation year end Year Month Day
NIAGARA-ON-THE-LAKE HYDRO INC.	86360 5929 RC0001	2005-12-31

- For use by a corporation that has eligible capital property. For more information, see the *T2 Corporation Income Tax Guide*.
- A separate cumulative eligible capital account must be kept for each business.

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** 18,877 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** 18,877 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) . . . . . 18,877 K

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

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

amount K 18,877

less amount from line 249 _____

Current year deduction . . . . . 18,877 x 7.00 % = **250** 1,321 *

(line 249 plus line 250) (enter this amount at line 405 of Schedule 1) 1,321 ▶ 1,321 L

Cumulative eligible capital – Closing balance (amount K minus amount L) (if negative, enter "0") . . . . . **300** 17,556 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

(complete this part only if the amount at line K is negative)

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 _____ × 1 / 2 =					Q
Line P minus line Q (if negative, enter "0")					R
Amount R _____ × 2 / 3 =					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			

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SCHEDULE 23

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 taxation year ending in a calendar year, is required to file an agreement for each taxation 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 code that applies to each corporation:

1 - associated for purposes of allocating the business limit (unless association 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 that is not associated for purposes of allocating the business limit 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 that 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 times 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 is equal to an amount in one of the following ranges, whichever applies:

– from $200,001 to $225,000, if the calendar year to which this agreement applies is 2003;
– from $225,001 to $250,000, if the calendar year to which this agreement applies is 2004; or
– from $250,001 to $300,000, if the calendar year to which this agreement applies is 2005.

If the calendar year to which this agreement applies is after 2005, ensure that the total at line A does not exceed $300,000.

Allocation of the business limit

Date filed (do not use this area) . . . . . **025** Year Month Day

Enter the calendar year to which the agreement applies . . . . . **050** Year 2005

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	4 Business limit for the year (before the allocation) $	5 Percentage of the business limit %	6 Business limit allocated* $
	100	**200**	**300**		**350**	**400**
	NIAGARA-ON-THE-LAKE HYDRO INC.	86360 5929 RC0001	1	300,000		
1	Niagara-on-the-Lake Energy Inc.	86376 1490 RC0001	1	300,000		
2	Energy Services Niagara Inc.	86360 6125 RC0001	1	300,000	100.0000	300,000
				Total	100.0000	300,000 A

Business limit reduction under subsection 125(5.1)

The business limit reduction is calculated in the small business deduction area of the T2 return. One of the amounts used in this calculation is the "Large corporation tax" at line 415 of the T2 return. If the corporation is a member of an associated group*** of corporations in the current taxation year, and that taxation year:

- starts before December 21, 2002, the amount at line 415 of the T2 return is equal to the gross Part I.3 tax of each corporation in the associated group*** for its last taxation year ending in the preceding calendar year. The gross Part I.3 tax is the amount before deducting the surtax credits, which is increased to reflect a full-year tax liability if the taxation year is less than 51 weeks; or
- starts after December 20, 2002, the amount at line 415 of the T2 return is equal to 0.225% x (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 taxation 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 taxation year is less than 51 weeks, prorate the amount in column 6 by the number of days in the taxation year divided by 365, and enter the result on line 410 of the T2 return.

If a CCPC has more than one taxation year ending in a calendar year and is associated in more than one of those years with another CCPC that has a taxation year ending in the same calendar year, the business limit for the second (and subsequent) taxation year(s) will be equal to the business limit allocated for the first taxation year ending in the calendar year.

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

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

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SCHEDULE 33

PART I.3 TAX ON LARGE CORPORATIONS

Name of corporation	Business Number	Taxation year end Year Month Day
NIAGARA-ON-THE-LAKE HYDRO INC.	86360 5929 RC0001	2005-12-31

- This schedule is for use by corporations (other than financial institutions and insurance corporations) that have Part I.3 tax payable before deducting surtax credits (line 820 in Part 5). You should also use and file this schedule if you calculate a **gross Part I.3 tax for the purposes of unused surtax credit** (line 821 in Part 6) and a **current-year unused surtax credit** (line 850 in Part 8).
- Parts, sections, subsections, and paragraphs referred to on this schedule are from the federal *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 I.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 I.3 tax is payable for a taxation year by a corporation that was:
  1) a non-resident-owned investment corporation throughout the year;
  2) bankrupt [as defined by subsection 128(3)] at the end of the year;
  3) 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(5.1);
  4) exempt from tax under section 149 throughout the year on all of its taxable income;
  5) neither resident in Canada nor carrying on a business through a permanent establishment in Canada at any time in the year; or
  6) 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 taxation year.
- This schedule may contain changes that had not yet become law at the time of printing.

Complete the following areas to determine the amounts needed to calculate Part I.3 tax. 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	1,906,328		
Capital stock (or members' contributions if incorporated without share capital)	103	2,632,307		
Retained earnings	104	1,010,546		
Contributed surplus	105			
Any other surpluses	106	4,269,026		
Deferred unrealized foreign exchange gains	107			
All loans and advances to the corporation	108	6,901,333		
All indebtedness of the corporation represented by bonds, debentures, notes, mortgages, hypothecary claims, bankers' acceptances, or similar obligations	109	4,878,362		
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 in respect of 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		21,597,902	▶	21,597,902 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, to the extent that 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** 21,597,902

Note:

Lines 101, 107, 108, 109, 111, and 112 are determined as follows:

- If the partnership is a member of another partnership (tiered partnerships), include the amounts of the partnership and tiered partnerships.
- Amounts for the partnership and tiered partnerships are those that would be determined under lines 101, 107, 108, 109, 111, and 112 as if they apply in the same way that they apply to corporations.
- Amounts owing to the member or to other corporations that are members of the partnership are not to be included.
- Amounts are determined as at the end of the last fiscal period of the partnership ending in the year of the corporation.
- The proportion of the total amounts is determined by the corporation's share of the partnership's income or loss for the fiscal period of the partnership.

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	699,489
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 I.3 (other than by reason of paragraph 181.1(3)(d))	406	
An interest in a partnership (see note 1 below)	407	48,877
Investment allowance for the year	490	748,366

Notes:

1. Where the corporation has an interest in a partnership or tiered partnerships, consider the following:
   - the investment allowance of a partnership is deemed to be the amount calculated at line 490 above, at the end of its fiscal period, as if it was a corporation;
   - the total of the carrying value of each asset of the partnership described in the above lines is for its last fiscal period ending at or before the end of the corporation's taxation year; and
   - the carrying value of a partnership member's interest at the end of the year is its specified proportion [as defined in subsection 248(1)] of the partnership's investment allowance.
2. Lines 401 to 405 should not include the carrying value of a share of the capital stock of, a dividend payable by, or indebtedness of a corporation that is exempt from tax under Part I.3 [other than by reason of paragraph 181.1(3)(d)].
3. Where a trust is used as a conduit for loaning money from a corporation to another related corporation (other than a financial institution), the loan will be considered to have been made directly from the lending corporation to the borrowing corporation, according to subsection 181.2(6).

Part 3 – Taxable capital

Capital for the year (line 190)		21,597,902	C
Deduct: Investment allowance for the year (line 490)		748,366	D
Taxable capital for the year (amount C minus amount D) (if negative, enter "0")	500	20,849,536	

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) 20,849,536 x $\frac{\text{Taxable income earned in Canada}}{\text{Taxable income}}$ 610 $\frac{504,575}{504,575}$ = **Taxable capital employed in Canada** 690 20,849,536

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 taxation 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 it carried on 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 property used or held by the corporation in carrying on any business during the year through a permanent establishment in Canada (see note below)	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		

Notes: Complete line 713 only if the country in which the corporation is resident did not impose a capital tax for the year on similar assets, or a tax for the year on the income from the operation of a ship or aircraft in international traffic, of any corporation resident in Canada during the year.

Part 5 – Calculation of gross Part 1.3 tax

Taxable capital employed in Canada (line 690 or 790, whichever applies) 20,849,536

Deduct: Capital deduction claimed for the year (enter $50,000,000 or, for related corporations, the amount allocated on Schedule 36) **801** 46,790,000

Excess of taxable capital employed in Canada over capital deduction . . . . . **811** _____

Line 811 _____ x Number of days in the taxation year before 2004 / Number of days in the taxation year 365 x 0.00225000 = ... _____ F

Line 811 _____ x Number of days in the taxation year in 2004 / Number of days in the taxation year 365 x 0.00200000 = ... _____ G

Line 811 _____ x Number of days in the taxation year in 2005 365 / Number of days in the taxation year 365 x 0.00175000 = ... _____ H

Line 811 _____ x Number of days in the taxation year in 2006 / Number of days in the taxation year 365 x = ... _____ I

Line 811 _____ x Number of days in the taxation year in 2007 / Number of days in the taxation year 365 x = ... _____ J

Note: The Part I.3 tax rate is reduced to 0% for the days in the taxation year that are after 2005.

Subtotal (add amounts F to J) _____ K

Where the taxation year of a corporation is less than 51 weeks, calculate the amount of gross Part I.3 tax as follows:

Amount K _____ x Number of days in the year (365) / 365 = ... _____ L

Gross Part I.3 tax (amount K or L, whichever applies) . . . . . **820** _____

Part 6 – Calculation of gross Part I.3 tax for purposes of the unused surtax credit

Taxable capital employed in Canada (line 690 or 790, whichever applies) . . . . . 20,849,536 M

Deduct: Line 801 above 46,790,000 x 1/5 = ... 9,358,000 N

Excess (amount M minus amount N) (if negative, enter "0") 11,491,536 O

Amount O 11,491,536 x 0.00225 = ... 25,856 P

Where the taxation year of a corporation is less than 51 weeks, calculate the amount of gross Part I.3 tax for purposes of the unused surtax credit as follows:

Amount P 25,856 x Number of days in the year (365) / 365 = ... _____ Q

Gross Part I.3 tax for purposes of the unused surtax credit (amount P or Q, whichever applies) **821** 25,856

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) of the Act 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 R, whichever is less:

a) line 600 from the T2 return			a	
b) line 700 from the T2 return			b	R

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

c) line 600 from the T2 return	5,651	x	line 690 of this schedule / line 500 of this schedule	20,849,536 / 20,849,536	=	5,651 c	
d) line 700 from the T2						111,612 d	5,651 S

Current-year surtax credit available (amount R or S, whichever applies) **830** 5,651

Part 8 – Calculation of current-year unused surtax credit

Current-year surtax credit available (line 830)	5,651
Less: Gross Part I.3 tax for purposes of the unused surtax credit (line 821)	25,856
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

Gross Part I.3 tax (line 820)			T
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)		▶	U

Net Part I.3 tax payable (amount T minus amount U) **870**

Enter this amount at line 704 of the T2 return.

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SCHEDULE 36

AGREEMENT AMONG RELATED CORPORATIONS – PART I.3 TAX

- Members of a related group of corporations should use this schedule to allocate the capital deduction of $50,000,000 among the members of the related group. **Do not file this agreement if no members of the related group have to pay Part I.3 tax.**
- In cases where a related corporation has more than one taxation year ending in a calendar year, it has to file an agreement for each of those taxation years.
- A corporation that is related to any other corporation at any time in a taxation year of the corporation that ends in a calendar year may file such an agreement.
- In accordance with subsection 181.5(7) of the federal *Income Tax Act*, a Canadian-controlled private corporation is not considered to be related to another corporation for purposes of the capital deduction unless it is also associated with that corporation.

Agreement

Date filed (do not use this area) . . . . . **010** Year Month Day

Is this an amended agreement? . . . . . **020** 1 Yes ☐ 2 No ☒

Calendar year to which the agreement applies . . . . . **030** Year 2005

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) does not have to be included.

	Names of all corporations which are members of the related group **200**	Business Number (if a corporation is not registered, enter "NR") **300**	Allocation of capital deduction for the year $ **400**	Taxation year end to which this agreement applies* (YYYY/MM/DD) **500**
	NIAGARA-ON-THE-LAKE HYDRO INC.	86360 5929 RC0001	46,790,000	
1	Niagara-on-the-Lake Energy Inc.	86376 1490 RC0001	10,000	
2	Energy Services Niagara Inc.	86360 6125 RC0001	3,200,000	

Total (cannot be more than $50,000,000) 50,000,000

* Entries are only required in this column for a corporation that has more than one taxation year ending in the same calendar year and is related in two or more of those taxation years to another corporation that has a taxation year ending in that calendar year. The capital deduction of the first corporation for each such taxation 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 taxation year. Enter the taxation year end to which this agreement applies.

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SCHEDULE 50

SHAREHOLDER INFORMATION

Name of corporation	Business Number	Taxation year end Year Month Day
NIAGARA-ON-THE-LAKE HYDRO INC.	86360 5929 RC0001	2005-12-31

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

		Provide only one number per shareholder				
	Name of shareholder (after name, indicate in brackets if the shareholder is a corporation, partnership, individual or trust) 100	Business Number 200	Social Insurance Number 300	Trust Number 350	Percentage common shares 400	Percentage preferred shares 500
1	Niagara-on-the-Lake Energy Inc.	86376 1490 RC0001			100.000	
2						
3						
4						
5						
6						
7						
8						
9						
10						

Ontario

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

2006 CT23 Corporations Tax and Annual Return

For taxation years commencing after December 31, 2003

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

This form is a combination of the Ministry of Finance (MOF) **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.

Ministry Use

MGS Annual Return Required? *(Not required if already filed or Annual Return exempt. Refer to Guide)* [X] Yes [ ] No

Corporation's Legal Name *(including punctuation)*
NIAGARA-ON-THE-LAKE HYDRO INC.

Ontario Corporations Tax Account No. (MOF)
1800140

Mailing Address
P.O. Box 460
8 Henegan Road
Virgil
ON CA L0S 1T0

This Return covers the Taxation Year
Start: year month day 2005-01-01
End: year month day 2005-12-31

Has the mailing address changed since last filed CT23 Return? [ ] Yes | Date of Change: year month day

Date of Incorporation or Amalgamation: year month day 2000-07-01

Registered/Head Office Address
P.O. Box 460
8 Henegan Road
Virgil
ON CA L0S 1T0

Ontario Corporation No. (MGS): 1424833

Location of Books and Records
P.O. BOX 460,
8 HENEGAN ROAD
Virgil
ON CA L0S 1T0

Canada Revenue Agency Business No.
If applicable, enter: 86360 5929 RC0001

Name of person to contact regarding this CT23 Return: PHILIP WORMWELL
Telephone No.: (905) 468-4235
Fax No.:

Jurisdiction Incorporated: Ontario

Address of Principal Office in Ontario *(Extra-Provincial Corporations only)* (MGS)
Ontario Canada

If not incorporated in Ontario, indicate the date Ontario business activity commenced and ceased:
Commenced: year month day
Ceased: year month day
[X] *Not Applicable*

Former Corporation Name *(Extra-Provincial Corporations only)* [X] *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)

If there is **no change** to the Directors'/Officers'/Administrators' information previously submitted to MGS, please check (X) this box. Schedule(s) A and K are not required (MGS). ▶ [X] No Change

Preferred Language / *Langue de préférence*
[X] English *anglais* [ ] French *français*

Ministry Use

Certification (MGS)

I certify that all information set out in the **Annual Return** is true, correct and complete.

Name of Authorized Person *(Print clearly or type in full)*
PHILIP WORMWELL

Title: D [ ] Director O [X] Officer P [ ] 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.

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
NIAGARA-ON-THE-LAKE HYDRO INC.	1800140	2005-12-31

CT23 Corporations Tax Return

Identification continued (for CT23 filers only)

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

Type of corporation

1

1 [X] 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 owned by Canadian Residents (nearest percent) 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 [X] 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 year month day

[ ] 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	
[ ]	[X]	Was the corporation inactive throughout the taxation year?
[X]	[ ]	Has the corporation's Federal T2 Return been filed with the Canada Revenue Agency?

Are you requesting a refund due to:

[ ]	[X]	the Carry-back of a Loss?
[X]	[ ]	an Overpayment?
[ ]	[X]	a Specified Refundable Tax Credit?
[ ]	[X]	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

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).

DOLLARS ONLY

Net Income (loss) for Ontario purposes (per reconciliation schedule, page 15)	±	From 690	504,575
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 715	–	From 704	
Net capital losses (page 16) _____ x inclusion rate 50.000000 % =	–	714	
Farm losses	–	From 724	
Restricted farm losses	–	From 734	
Limited partnership losses	–	From 754	
Taxable Income (Non-capital loss)	=	10	504,575

Addition to taxable income for unused foreign tax deduction for federal purposes + 11

Adjusted Taxable Income 10 + 11 (if 10 is negative, enter 11) = 20 504,575

Taxable Income

Number of Days in Taxation Year

From 10 (or 20 if applicable) 504,575 x 30 100.0000 % (Ontario Allocation) x 12.5 % x 33 (Days after Dec. 31, 2002 and before Jan. 1, 2004) ÷ 73 (Total Days) 365 = + 29 _____

From 10 (or 20 if applicable) 504,575 x 30 100.0000 % (Ontario Allocation) x 14 % x 34 (Days after Dec. 31, 2003) 365 ÷ 73 (Total Days) 365 = + 32 70,641

Income Tax Payable (before deduction of tax credits) 29 + 32 = 40 70,641

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? (X) ☐ Yes ☒ No

* Income from active business carried on in Canada for federal purposes (fed.s.125(1)(a))		50	
Federal taxable income, less adjustment for foreign tax credit (fed.s.125(1)(b))	+ 51		
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		
	=	54	
Federal Business limit (line 410 of the T2 Return) for the year before the application of fed.s.125(5.1)		55	

Ontario Business Limit Calculation

320,000 x 31 (Days after Dec. 31, 2002 and before Jan. 1, 2004) _____ ÷ ** 365 = + 46 _____

400,000 x 34 (Days after Dec. 31, 2003) 365 ÷ ** 365 = + 47 400,000

Business Limit for Ontario purposes 46 + 47 = 44 400,000 x 48 (Percentage of Federal Business limit (from T2 Schedule 23). Enter 100% if not associated.) _____ % = 45 _____

Income eligible for the IDSBC From 30 100.0000 % ***Ontario Allocation x 56 _____ = 60 _____ 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

DOLLARS ONLY

Income Tax *continued from Page 4*

Number of Days in Taxation Year

	Rate		Days		Total Days		Box	Amount
Calculation of IDSBC Rate	7 %	x	Days after Dec. 31, 2002 and before Jan. 1, 2004 [31]	÷	[73] 365	= +	89	.
	8.5 %	x	Days after Dec. 31, 2003 [34] 365	÷	[73] 365	= +	90	8.5000
IDSBC Rate for Taxation Year [89] + [90]						=	78	8.5000
Claim	From [60] .	x	From [78] 8.5000 %			=	70	.

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 400,000 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] 504,575 .

If you are a member of an associated group (X) [81] X (Yes)

Name of associated corporation (Canadian & foreign) *(if insufficient space, attach schedule)*	Ontario Corporations Tax Account No. (MOF) (if applicable)	Taxation Year End		Box	* Taxable Income (if loss, enter nil)
Niagara-on-the-Lake Energy Inc.	1800139	2005-12-31	+	82	.
Energy Services Niagara Inc.	1800074	2005-12-31	+	83	.
			+	84	.
Aggregate Taxable Income [80] + [82] + [83] + [84], etc.			=	85	504,575 .

Number of Days in Taxation Year

		Days		Total Days		Box	Amount
320,000	x	Days after Dec. 31, 2002 and before Jan. 1, 2004 [31]	÷	[73] 365	= +	115	.
400,000	x	Days after Dec. 31, 2003 [34] 365	÷	[73] 365	= +	116	400,000 .

[115] + [116] = 400,000 . ▶ – [114] 400,000 .

(If negative, enter nil) = [86] 104,575 .

Number of Days in Taxation Year

Calculation of Specified Rate for Surtax 4.6670 % x Days after Dec. 31, 2002 [38] 365 ÷ Total Days [73] 365 = + [97] 4.6670

From [86] 104,575 . x From [97] 4.6670 % = [87] 4,881 .

From [87] 4,881 . x From [60] . ÷ From [114] 400,000 . = [88] .

Surtax Lesser of [70] or [88] = [100]

* ***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

DOLLARS ONLY

Additional Deduction for Credit Unions (s.51(4)) *(Attach schedule 17)*

110 .

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	.
Subtract: Income eligible for the Incentive Deduction for Small Business Corporations (IDSBC)	– From	56	.

Add: Adjustment for Surtax on Canadian-controlled private corporations

From 100 ______ . ÷ From 30 100.0000 % ÷ From 78 8.5000 % = 121 ______ .
*Ontario Allocation

Lesser of 56 or 121	+	122	.
120 – 56 + 122	=	130	.
Taxable Income	+ From	10	504,575 .
Subtract: Income eligible for the Incentive Deduction for Small Business Corporations (IDSBC)	– From	56	.
Add: Adjustments for Surtax on Canadian-controlled private corporations	+ From	122	.
Subtract: Taxable Income 10 504,575 X Allocation % to jurisdictions outside Canada ______ %	–	140	.
Subtract: Amount by which Canadian and foreign investment income exceeds net capital losses	–	141	.
10 – 56 + 122 – 140 – 141	=	142	504,575 .

Claim

Number of Days in Taxation Year

143 ______ . (Lesser of 130 or 142) X From 30 100.0000 % (Ontario Allocation) X 1.5 % X [Days after Dec. 31, 2002 and before Jan. 1, 2004] 33 ______ ÷ [Total Days] 73 365 = + 154 ______ .

143 ______ . (Lesser of 130 or 142) X From 30 100.0000 % (Ontario Allocation) X 2 % X [Days after Dec. 31, 2003] 34 365 ÷ [Total Days] 73 365 = + 156 ______ .

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

* ***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 .

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

= 162 .

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 .

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 ______ . Credit Claimed 180 ______ .

Subtotal of Income Tax

40 – 70 + 100 – 110 – 160 – 161 – 162 – 170 – 180 = 190 70,641 .

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. Name of Production 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) No. of Graduates From 6596

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. 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) No. of Apprentices From 5896

Applies to employment of eligible apprentices. 202

Eligible Credit From 5898 CT23 Schedule 114 *(Attach Schedule 114)* + 203

Other (specify) _____ + 203.1

Total Specified Tax Credits 191 + 192 + 193 + 195 + 196 + 197 + 198 + 199 + 200 + 201 + 203 + 203.1 = 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 70,641

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.**

DOLLARS ONLY

Total Assets of the corporation	+ 240	24,972,516	
Total Revenue of the corporation	+ 241	17,232,189	

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 (X) 242 X (Yes)

Name of associated corporation (Canadian & foreign) *(if insufficient space attach schedule)*	Ontario Corporations Tax Account No. (MOF) (if applicable)	Taxation Year End	Total Assets	Total Revenue
Niagara-on-the-Lake Energy Inc.	1800139	2005-12-31	+ 243 7,056,102	+ 244 266
Energy Services Niagara Inc.	1800074	2005-12-31	+ 245 1,083,747	+ 246 253,219
			+ 247	+ 248
Aggregate Total Assets 240 + 243 + 245 + 247, etc.			= 249 33,112,365	
Aggregate Total Revenue 241 + 244 + 246 + 248, etc.				= 250 17,485,674

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 652,674 (If negative, enter zero) x From 30 100.0000 (Ontario Allocation) % X 4 % = 276 26,107

Subtract: Foreign Tax Credit for CMT purposes *(Attach Schedule)*	–	277	
Subtract: Income Tax	–	From 190	70,641
Net CMT Payable (If negative, enter Nil on Page 17.)	=	280	-44,534

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	70,641
Gross CMT Payable	+ From 276	26,107		
Subtract: Foreign Tax Credit for CMT purposes	– From 277			
If 276 – 277 is negative, enter NIL in 290	=	26,107	– 290	26,107
Income Tax eligible for CMT Credit			= 300	44,534

B.

Income Tax (after deduction of specified credits)	+ From 230	70,641
Subtract: CMT credit used to reduce income taxes	– 310	
Income Tax	= 320	70,641

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)*

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	2,632,307
Retained earnings (if deficit, deduct) (Int.B. 3012R)	±	351	1,010,546
Capital and other surpluses, excluding appraisal surplus (Int.B.3012R)	+	352	4,269,026
Loans and advances *(Attach schedule)* (Int.B. 3013R)	+	353	6,901,333
Bank loans (Int.B. 3013R)	+	354	4,878,362
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	X 1,906,328
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	
Share of partnership(s) or joint venture(s) paid-up capital *(Attach schedule(s))* (Int.B. 3017R) — 2923977 INC	+	362	✓ 36,000
Subtotal	=	370	21,633,902
Subtract: Amounts deducted for income tax purposes in excess of amounts booked *(Retain calculations. Do not submit.)* (Int.B. 3012R) — 350,000 Inv	−	371	X 906,836
Deductible R & D expenditures and ONTTI costs deferred for income tax if not already deducted for book purposes (Int.B. 3015R) — 1211523 A	−	372	
Total Paid-up Capital	=	380	20,727,066
Subtract: Deferred mining exploration and development expenses (s.62(1)(d)) (Int.B. 3015R)	−	381	
Electrical Generating Corporations Only – 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 *Corporations Tax Act*, 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	
Net Paid-up Capital	=	390	20,727,066

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	✓ 11,600
Eligible loans and advances to related corporations (certain restrictions apply) *(Refer to Guide)*	+	406	✓ 687,889
Share of partnership(s) or joint venture(s) eligible investments *(Attach schedule)*	+	407	✓ 4,309
Total Eligible Investments	=	410	703,798

continued on Page 10

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

Total Assets per balance sheet	+	420	24,957,600
Mortgages or other liabilities deducted from assets	+	421	
Share of partnership(s)/joint venture(s) total assets *(Attach schedule)*	+	422	14,916
Subtract: Investment in partnership(s)/joint venture(s)	–	423	
Total Assets as adjusted	=	430	24,972,516
Amounts in 360 and 361 (if deducted from assets)	+	440	
Subtract: Amounts in 371, 372 and 381	–	441	906,836
Subtract: Appraisal surplus if booked	–	442	
Add or Subtract: Other adjustments (specify on an attached schedule)	±	443	
Total Assets	=	450	24,065,680

Investment Allowance (410 ÷ 450) x 390 Not to exceed 410 = 460 606,161

Taxable Capital 390 – 460 = 470 20,120,905

Gross Revenue (as adjusted to include the share of any partnership(s)/joint venture(s) Gross Revenue) 480 17,232,189

Total Assets (as adjusted) From 430 24,972,516

Calculation of Capital Tax for all Corporations except Financial Institutions

Note: *This version (2006) of the CT23 may only be used for a taxation year that commenced after December 31, 2003.*

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 below, 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

Calculation of Taxable Capital Deduction (TCD)

	Number of Days in Taxation Year			
	Days before Jan. 1, 2005	Total Days		
5,000,000 x	35 ÷	73 365	= + 500	
	Days after Dec. 31, 2004 and before Jan. 1, 2006	Total Days		
7,500,000 x	36 365 ÷	73 365	= + 501	7,500,000
	Days after Dec. 31, 2005 and before Jan. 1, 2007	Total Days		
10,000,000 x	37 ÷	73 365	= + 502	
Taxable Capital Deduction (TCD)	500 + 501 + 502		= 503	7,500,000

SECTION C

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 _____

– From 503 _____

= 471 _____ x From 30 100.0000 % (Ontario Allocation) x 0.3 % x 555 365 / 365 (366 if leap year) = + 523 _____

If floating taxation year, refer to Guide. *Transfer to 543 on page 12 and complete the return from that point.*

continued on Page 11

Capital Tax Calculation

continued from Page 10

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.

D1. ☐ 509 (X 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 (X 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.

Calculation

Do **not** complete this calculation if ss.69(2.1) election is filed

Taxable Capital From 470 on page 10 - + From 470 20,120,905 .

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 *(if insufficient space, attach schedule)*	Ontario Corporations Tax Account No. (MOF) (if applicable)	Taxation Year End		Taxable Capital
Niagara-on-the-Lake Energy Inc.	1800139	2005-12-31	+ 531	11,251 .
Energy Services Niagara Inc.	1800074	2005-12-31	+ 532	640,078 .
			+ 533	.
Aggregate Taxable Capital 470 + 531 + 532 + 533, etc.			= 540	20,772,234 .

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 on page 12, 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 on page 12.

From 470 20,120,905 . ÷ From 540 20,772,234 . x From 503 7,500,000 . = 541 7,264,832 .

Transfer to 542 *in Section E on page 12*

Ss.69(2.1) Election Filed

☐ 591 (X if applicable) **Election filed.** *Attach a copy of Schedule 591 with this CT23 Return.* Proceed to **Section F** on page 12.

continued on Page 12

DOLLARS ONLY

Capital Tax Calculation

continued from Page 11

SECTION E

This section applies if the corporation **is** a member of an associated group and/or partnership whose total **aggregate** Taxable Capital [540] on page 11 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]	20,120,905										Total Capital Tax for the taxation year
–	[542]	7,264,832										
=	[471]	12,856,073	x	From [30] 100.0000 % Ontario Allocation	x	0.3 %	x	[555] 365 / * 365 (366 if leap year)	=	+ [523]	38,568	Transfer to [543] and complete the return from that point

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 % Ontario Allocation	x	0.3 %	=	+	[561]	
–	Capital tax deduction from [995] relating to **your corporation's** Capital Tax deduction, on Schedule 591							–	From [995]	
								=	[562]	

Capital Tax	[562]		x	[555] 365 / * 365 (366 if leap year)	=	[563]		Total Capital Tax for the taxation year Transfer to [543] and complete the return from that point

* *If floating taxation year, refer to Guide.*

Capital Tax before application of specified credits	=	[543]	38,568
Subtract: Specified Tax Credits applied to reduce capital tax payable *(Refer to Guide)*	–	[546]	
Capital Tax [543] – [546] *(amount cannot be negative)*	=	[550]	38,568

Transfer to Page 17

continued on Page 13

Capital Tax *continued from Page 12*

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] _____ . x 0.6 % x From [30] 100.0000 % x [555] 365 ÷ * 365 (366 if leap year) = + [569] _____ .

Lesser of adjusted Taxable Paid Up Capital and Basic Capital Amount in accordance with Division B.1

Days in taxation year

Ontario Allocation

[570] _____ . x [571] _____ x From [30] 100.0000 % x [555] 365 ÷ * 365 (366 if leap year) = + [574] _____ .

Adjusted Taxable Paid Up Capital in accordance with Division B.1 in excess of Basic Capital Amount

Capital Tax Rate *(Refer to Guide)*

Days in taxation year

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)? (X) ☐ Yes

Capital 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

DOLLARS ONLY

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 ± 600 504,575 .
Transfer to Page 15

Add:

Federal capital cost allowance	+ 601	1,279,910 .
Federal cumulative eligible capital deduction	+ 602	1,321 .
Ontario taxable capital gain	+ 603	.
Federal non-allowable reserves. Balance beginning of year	+ 604	.
Federal allowable reserves. Balance end of year	+ 605	.
Ontario non-allowable reserves. Balance end of year	+ 606	.
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	.
All 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

612 _____ . x 5 / 12.5 x [Days after Dec. 31, 2002 and before Jan. 1, 2004: 33 _____ ÷ 73 Total Days 365] = + 633 _____ .

612 _____ . x 5 / 14 x [Days after Dec. 31, 2003: 34 365 ÷ 73 Total Days 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 = 1,281,231 . ▶ 640 1,281,231 .
Transfer to Page 15

Deduct:

Ontario capital cost allowance (excludes amounts deducted under 675)	+ 650	1,279,910 .
Ontario cumulative eligible capital deduction	+ 651	1,321 .
Federal taxable capital gain	+ 652	.
Ontario non-allowable reserves. Balance beginning of year	+ 653	.
Ontario allowable reserves. Balance end of year	+ 654	.
Federal non-allowable reserves. Balance end of year	+ 655	.
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 1,281,231 .
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 ± 600 504,575 .

Total of Additions on page 14 - From = 640 1,281,231 .

Sub Total of deductions on page 14 - From = 681 1,281,231 .

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:

Gross-up of CCA

[From 662 _____ . x 100 / From 30 100.0000 Ontario Allocation] – From 662 _____ . = 663 _____ .

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

Qualifying expenditures: [665 _____ . x 30 % x 100 / From 30 100.0000 Ontario allocation] = 666 _____ .

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

Qualifying expenditures: [667 _____ . x 100 % x 100 / From 30 100.0000 Ontario allocation] = 668 _____ .

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 % x 100 / From 30 100.0000 Ontario allocation] = 671 _____ .

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

Qualifying expenditures: [672 _____ . x 15 % x 100 / From 30 100.0000 Ontario allocation] = 673 _____ .

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 = 1,281,231 . ▶ 680 1,281,231 .

Net income (loss) for Ontario Purposes 600 + 640 – 680 - - - - - - - - - - - - - - - - - - = 690 504,575 .

Transfer to Page 4

Continuity of Losses Carried Forward

DOLLARS ONLY

	Non-Capital Losses (1)	Total Capital Losses	Farm Losses	Restricted Farm Losses	Listed Personal Property Losses	Limited Partnership Losses (6)
Balance at Beginning of Year	700 (2)	710 (2) 23,386	720 (2)	730	740	750
Add: Current year's losses (7)	701	711	721	731	741	751
Losses from predecessor corporations (3)	702	712	722	732		752
Subtotal	703	713	723	733	743	753
Subtract: Utilized during the year to reduce taxable income	704 (2)	715 (2) (4)	724 (2)	734 (2) (4)	744 (4)	754 (4)
Expired during the year	705		725	735	745	
Carried back to prior years to reduce taxable income (5)	706 (2) to Page 17	716 (2) to Page 17	726 (2) to Page 17	736 (2) to Page 17	746	
Subtotal	707	717	727	737	747	757
Balance at End of Year	709 (8)	719 23,386	729	739	749	759

Analysis of Balance at End of Year by Year of Origin

	Year of Origin (oldest year first) year month day	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 1997-09-30	817 (9)	860 (9)		850	870
801	8th preceding taxation year 1998-09-30	818 (9)	861 (9)		851	871
802	7th preceding taxation year 1999-09-30	819 (9)	862 (9)		852	872
803	6th preceding taxation year 2000-09-30	820	830	840	853	873
804	5th preceding taxation year 2001-09-30	821	831	841	854	874
805	4th preceding taxation year 2001-12-31	822	832	842	855	875
806	3rd preceding taxation year 2002-12-31	823	833	843	856	876
807	2nd preceding taxation year 2003-12-31	824	834	844	857	877
808	1st preceding taxation year 2004-12-31	825	835	845	858	878
809	Current taxation year 2005-12-31	826	836	846	859	879
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.

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
NIAGARA-ON-THE-LAKE HYDRO INC.	1800140	2005-12-31

DOLLARS ONLY

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

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

	Predecessor Ontario Corporation's Tax Account No. (MOF)	Taxation Year Ending year month day	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						
i) 3rd preceding	901	2002-12-31	911	921	931	941
ii) 2nd preceding	902	2003-12-31	912	922	932	942
iii) 1st preceding	903	2004-12-31	913	923	933	943
Total loss to be carried back			From 706	From 716	From 726	From 736
Balance of loss available for carry-forward			919	929	939	949

Summary

Income Tax	+ From 230 or 320		70,641
Corporate Minimum Tax	+ From 280		
Capital Tax	+ From 550		38,568
Premium Tax	+ From 590		
Total Tax Payable	=	950	109,209
Subtract: Payments	−	960	217,187
Capital Gains Refund (s.48)	−	965	
Qualifying Environmental Trust Tax Credit *(Refer to Guide)*	−	985	
Specified Tax Credits *(Refer to Guide)*	−	955	
Other, specify	−		
Balance	=	970	-107,978
If payment due	Enclosed *	990	
If overpayment: Refund *(Refer to Guide)*	=	975	107,978
Apply to (year month day)		980	

(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 *(please print)*

PHILIP WORMWELL

Title

Mgr of Finance and Administrat

Full Residence Address

Signature

Date 2006-06-22

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

Corporate Minimum Tax (CMT)
CT23 Schedule 101

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
NIAGARA-ON-THE-LAKE HYDRO INC.	1800140	2005-12-31

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	432,086
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 paid 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			220,588	
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			=	220,588 ▶	+ 2116 220,588
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.s13(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		
Subtotal (Additions)		=	▶		+ 2129
Subtotal (Subtractions)			=	▶	– 2130
** Other adjustments					± 2131
Subtotal ± 2100 – 2110 + 2116 + 2129 – 2130 ± 2131					= 2132 652,674
** 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 652,674
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 schedule.*

CMT Base = 2136 652,674

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

Corporate Minimum Tax (CMT)
CT23 Schedule 101

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
NIAGARA-ON-THE-LAKE HYDRO INC.	1800140	2005-12-31

Part 2: Continuity of CMT Losses Carried Forward

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 (X) 2205 ☐ Yes Wind-up (X) 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 occured, 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) year month day	CMT Losses of Corporation	CMT Losses of Predecessor Corporations
2240	9th preceding taxation year 1997-09-30	2260	2280
2241	8th preceding taxation year 1998-09-30	2261	2281
2242	7th preceding taxation year 1999-09-30	2262	2282
2243	6th preceding taxation year 2000-09-30	2263	2283
2244	5th preceding taxation year 2001-09-30	2264	2284
2245	4th preceding taxation year 2001-12-31	2265	2285
2246	3rd preceding taxation year 2002-12-31	2266	2286
2247	2nd preceding taxation year 2003-12-31	2267	2287
2248	1st preceding taxation year 2004-12-31	2268	2288
2249	Current taxation year 2005-12-31	2269	2289
Totals		2270	2290

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

Corporate Minimum Tax (CMT)
CT23 Schedule 101

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
NIAGARA-ON-THE-LAKE HYDRO INC.	1800140	2005-12-31

Part 4: Continuity of CMT Credit Carryovers

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 (X) 2315 ☐ Yes Wind-up (X) 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

Balances 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 sum of 2370 + 2390 .

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

	Year of Origin (oldest year first) year month day	CMT Credit Carryovers of Corporation	CMT Credit Carryovers of Predecessor Corporation(s)
2340	9th preceding taxation year 1997-09-30	2360	2380
2341	8th preceding taxation year 1998-09-30	2361	2381
2342	7th preceding taxation year 1999-09-30	2362	2382
2343	6th preceding taxation year 2000-09-30	2363	2383
2344	5th preceding taxation year 2001-09-30	2364	2384
2345	4th preceding taxation year 2001-12-31	2365	2385
2346	3rd preceding taxation year 2002-12-31	2366	2386
2347	2nd preceding taxation year 2003-12-31	2367	2387
2348	1st preceding taxation year 2004-12-31	2368	2388
2349	Current taxation year 2005-12-31	2369	2389
Totals		2370	2390

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

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
NIAGARA-ON-THE-LAKE HYDRO INC.	1800140	2005-12-31

CMT Losses Carried Forward Workchart

(i) Continuity of Pre-1994 CMT Losses

	Corporation's Pre-1994 Loss	Predecessors' Pre-1994 Loss Amalgamation	Predecessors' Pre-1994 Loss Wind-Up
Date of the last tax year end before the corp's 1st tax year commencing after 1993			
Pre-1994 Loss (per schedule)			
Less: Claimed in prior taxation years commencing after 1993			
Pre-1994 Loss available for the current year			
Less: Deducted in the current year (max. = adj. net income for the year)			
Expired after 10 years			
Pre-1994 Loss Carryforward			

(ii) Continuity of Other Eligible CMT Losses – Filing Corporation (for losses occurring in tax years commencing after 1993)

	Year of Origin YYYY/MM/DD	Opening Balance	Adjustment	Deduction	Expired	Closing Balance
10th Prior Year	1996-09-30					
9th Prior Year	1997-09-30					
8th Prior Year	1998-09-30					
7th Prior Year	1999-09-30					
6th Prior Year	2000-09-30					
5th Prior Year	2001-09-30					
4th Prior Year	2001-12-31					
3rd Prior Year	2002-12-31					
2nd Prior Year	2003-12-31					
1st Prior Year	2004-12-31					
	Total					

Predecessor Corporations Only – Amalgamation

Indicate the amounts of eligible CMT losses from predecessor corporations. **Do not include** these amounts in the 'opening balance' of the Filing Corporation.

Year of Origin YYYY/MM/DD	Opening Balance	Add	Adjustment	Deduction	Expired	Closing Balance
1996-09-30						
1997-09-30						
1998-09-30						
1999-09-30						
2000-09-30						
2001-09-30						
2001-12-31						
2002-12-31						
2003-12-31						
2004-12-31						
Total						

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
NIAGARA-ON-THE-LAKE HYDRO INC.	1800140	2005-12-31

CMT Losses Carried Forward Workchart (continued)

Predecessor Corporations Only – Wind-Up

Indicate the amounts of eligible CMT losses from predecessor corporations. **Do not include** these amounts in the 'opening balance' of the Filing Corporation.

Year of Origin YYYY/MM/DD	Opening Balance	Add	Adjustment	Deduction	Expired	Closing Balance
1996-09-30						
1997-09-30						
1998-09-30						
1999-09-30						
2000-09-30						
2001-09-30						
2001-12-31						
2002-12-31						
2003-12-31						
2004-12-31						
Total						

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
NIAGARA-ON-THE-LAKE HYDRO INC.	1800140	2005-12-31

CMT Credit Carryovers Workchart

Filing Corporation

	Year of Origin YYYY/MM/DD	Opening Balance	Adjustment	Deduction	Expired	Closing Balance
10th Prior Year	1996-09-30					
9th Prior Year	1997-09-30					
8th Prior Year	1998-09-30					
7th Prior Year	1999-09-30					
6th Prior Year	2000-09-30					
5th Prior Year	2001-09-30					
4th Prior Year	2001-12-31					
3rd Prior Year	2002-12-31					
2nd Prior Year	2003-12-31					
1st Prior Year	2004-12-31					
	Total					

Predecessor Corporations Only – Amalgamation

Indicate the amounts of CMT credit carryovers from predecessor corporations. **Do not include** these amounts in the 'opening balance' of the Filing Corporation.

Year of Origin YYYY/MM/DD	Opening Balance	Add	Adjustment	Deduction	Expired	Closing Balance
1996-09-30						
1997-09-30						
1998-09-30						
1999-09-30						
2000-09-30						
2001-09-30						
2001-12-31						
2002-12-31						
2003-12-31						
2004-12-31						
Total						

Predecessor Corporations Only – Wind-Up

Indicate the amounts of CMT credit carryovers from predecessor corporations. **Do not include** these amounts in the 'opening balance' of the Filing Corporation.

Year of Origin YYYY/MM/DD	Opening Balance	Add	Adjustment	Deduction	Expired	Closing Balance
1996-09-30						
1997-09-30						
1998-09-30						
1999-09-30						
2000-09-30						
2001-09-30						
2001-12-31						
2002-12-31						
2003-12-31						
2004-12-31						
Total						

Ontario

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

Paid Up Capital: Loans and Advances

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
NIAGARA-ON-THE-LAKE HYDRO INC.	1800140	2005-12-31

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)

Townof Niagara-on-the-Lake	+	6,901,333
	+	
	+	
	+	
	+	
	+	
	+	
	+	
	+	
	+	
	+	
	+	
	+	
	+	
	+	
	+	
	+	
	+	
	+	
	+	
	+	
	+	
	+	
Total *Transfer to* 353 *of the CT23*	=	6,901,333

Ontario

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

Paid-Up Capital - Partnerships/Joint Ventures

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
NIAGARA-ON-THE-LAKE HYDRO INC.	1800140	2005-12-31

Name of Partnership or Joint Venture	Share of Partnership Using Profit Sharing Ratio (%)	Partnership/Joint Venture Paid-up Capital	Corporation's Share of Partnership/Joint Venture Paid-up Capital
The Ennerconnect Limited Partnership	1.2312 %	2,923,977	+ 36,000
	%		+
	%		+
	%		+
	%		+
	%		+
	%		+
	%		+
	%		+
	%		+
	%		+
	%		+
	%		+
	%		+
	%		+
	%		+
	%		+
	%		+
	%		+
	%		+
	%		+
	%		+

Total
Transfer to 362 *of the CT23* = 36,000

Ontario

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Corporations Tax Branch
PO Box 620
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Oshawa ON L1H 8E9

Eligible Investments - Partnerships/Joint Ventures

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
NIAGARA-ON-THE-LAKE HYDRO INC.	1800140	2005-12-31

Name of Partnership or Joint Venture	Share of Partnership Using Profit Sharing Ratio (%)	Partnership/Joint Venture Investments	Corporation's Share of Partnership/Joint Venture Investments
The Ennerconnect Limited Partnership	1.2312 %	350,000	+ 4,309
	%		+
	%		+
	%		+
	%		+
	%		+
	%		+
	%		+
	%		+
	%		+
	%		+
	%		+
	%		+
	%		+
	%		+
	%		+
	%		+
	%		+
	%		+
	%		+
	%		+
	%		+
		Total *Transfer to* 407 *of the CT23*	= 4,309

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

Share of Total Assets - Partnerships/Joint Ventures

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
NIAGARA-ON-THE-LAKE HYDRO INC.	1800140	2005-12-31

Name of Partnership or Joint Venture	Share of Partnership Using Profit Sharing Ratio (%)	Partnership/Joint Venture Total Assets	Corporation's Share of Partnership/Joint Venture Total Assets
The Ennerconnect Limited Partnership	1.2312 %	1,211,523	+ 14,916
	%		+
	%		+
	%		+
	%		+
	%		+
	%		+
	%		+
	%		+
	%		+
	%		+
	%		+
	%		+
	%		+
	%		+
	%		+
	%		+
	%		+
	%		+
	%		+
	%		+
	%		+
		Total *Transfer to* 422 *of the CT23*	= 14,916

Ontario

Ministry of Finance
Corporations Tax Branch
PO Box 620
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Oshawa ON L1H 8E9

Ontario Capital Cost Allowance
Schedule 8

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
NIAGARA-ON-THE-LAKE HYDRO INC.	1800140	2005-12-31

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

1 Class number	2 Ontario undepreciated capital cost at the beginning of the year (undepreciated capital cost at the end of the prior year's CCA schedule)	3 Cost of acquisitions during the year (new property must be available for use) See note 1 below	4 Net adjustments (show negative amounts in brackets)	5 Proceeds of dispositions during the year (amount not to exceed the capital cost)	6 Ontario undepreciated capital cost (column 2 plus column 3 or minus column 4 minus column 5)	7 50% rule (1/2 of the amount, if any, by which the net cost of acquisitions exceeds column 5) See note 2 below	8 Reduced undepreciated capital cost (column 6 minus column 7)	9 CCA rate %	10 Recapture of capital cost allowance	11 Terminal loss	12 Ontario capital cost allowance (column 8 multiplied by column 9; or a lower amount)	13 Ontario undepreciated capital cost at the end of the year (column 8 minus column 12)
1	8,416,325	851,880		0	9,268,205	425,940	8,842,265	4	0	0	353,691	8,914,514
2	4,135,106			0	4,135,106		4,135,106	6	0	0	248,106	3,887,000
1	4,108,813	2,128,383		408	6,236,788	1,063,988	5,172,800	4	0	0	206,912	6,029,876
2	794,300			0	794,300		794,300	6	0	0	47,658	746,642
1	330,839	48,564		0	379,403	24,282	355,121	4	0	0	14,205	365,198
2	134,975			0	134,975		134,975	6	0	0	8,099	126,876
1	695,525	1,071		0	696,596	536	696,060	4	0	0	27,842	66[illegible]54
2	374,811			0	374,811		374,811	6	0	0	22,489	352,322
8	24,015	14,735		0	38,750	7,368	31,382	20	0	0	6,276	32,474
See schedule	930,717	297,057		19,935	1,207,839	138,562	1,069,277				344,632	863,207
Totals	19,945,426	3,341,690		20,343	23,266,773	1,660,676	21,606,097				1,279,910	21,986,863

Enter in boxes 650 . . . . 650 . . . . 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.

Ontario Capital Cost Allowance

Schedule 8

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
NIAGARA-ON-THE-LAKE HYDRO INC.	1800140	2005-12-31

1 Class number	2 Ontario undepreciated capital cost at the beginning of the year (undepreciated capital cost at the end of the prior year's CCA schedule)	3 Cost of acquisitions during the year (new property must be available for use) See note 1 below	4 Net adjustments (show negative amounts in brackets)	5 Proceeds of dispositions during the year (amount not to exceed the capital cost)	6 Ontario undepreciated capital cost (column 2 plus column 3 or minus column 4 minus column 5)	7 50% rule (1/2 of the amount, if any, by which the net cost of acquisitions exceeds column 5) See note 2 below	8 Reduced undepreciated capital cost (column 6 minus column 7)	9 CCA rate %	10 Recapture of capital cost allowance	11 Terminal loss	12 Ontario capital cost allowance (column 8 multiplied by column 9; or a lower amount)	13 Ontario undepreciated capital cost at the end of the year (column 6 minus column
8	157,602	15,817		0	173,419	7,909	165,510	20	0	0	33,102	140,317
10	48,145			0	48,145		48,145	30	0	0	14,444	33,701
12	128,234	100,736		0	228,970	50,368	178,602	100	0	0	178,602	50,368
10	225,765	29,457		19,935	235,287	4,761	230,526	30	0	0	69,158	166,129
8	133,216			0	133,216		133,216	20	0	0	26,643	106,573
17	3,052	22,340		0	25,392	11,170	14,222	8	0	0	1,138	24,254
8	2,917			0	2,917		2,917	20	0	0	583	2,334
17	22,890			0	22,890		22,890	8	0	0	1,831	21,059
6	8,527			0	8,527		8,527	10	0	0	853	[illegible]4
8	4,862			0	4,862		4,862	20	0	0	972	3,890
1	133,791	111,043		0	244,834	55,522	189,312	4	0	0	7,572	237,262
2	56,443			0	56,443		56,443	6	0	0	3,387	53,056
45	5,273	17,664		0	22,937	8,832	14,105	45	0	0	6,347	16,590
Totals	930,717	297,057		19,935	1,207,839	138,562	1,069,277				344,632	863,207

Ontario

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

Ontario Cumulative Eligible Capital Deduction
Schedule 10

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
NIAGARA-ON-THE-LAKE HYDRO INC.	1800140	2005-12-31

- **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 end of preceding taxation year *(if negative, enter zero)* ..... 18,877 A

Add: Cost of eligible capital property acquired during the taxation year .. + B

Amount transferred on amalgamation or wind-up of subsidiary .... + C

Other adjustments ..... + D

Total of B + C + D ..... = _____ x 3 / 4 = E

Subtotal A + E ..... = 18,877 F

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

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) ..... + H

Other adjustments ..... + I

Total of G + H + I ..... = _____ x 3 / 4 = J

Ontario cumulative eligible capital balance F - J ..... = 18,877 K

If K is negative, enter zero at line M and proceed to Part 2

Current year deduction 18,877 K x 7 % * ..... = 1,321 L

* *The maximum current year deduction is 7%. However, you can claim any amount up to the maximum.*

Enter amount in box 651 *of the CT23*

Ontario cumulative eligible capital – closing balance K - L *(if negative, enter zero)* ..... = 17,556 M

Note: Any amount up to the maximum deduction of 7% may be claimed. 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.

Part 2 – Amount to be included in income arising from disposition

Only complete this part only if the amount at line K is negative

Amount from line K above *show as a positive amount* ..... N

Total cumulative eligible capital deductions from income for taxation years beginning after June 30, 1988 1

Total of all amounts which reduced cumulative eligible capital in the current or prior years under subsection 80(7) of the ITA 2

Total of cumulative eligible capital deductions claimed for taxation years beginning before July 1, 1988 3

Negative balances in the cumulative eligible capital account that were included in income for taxation years beginning before July 1, 1988 4

Line **3** deduct line **4** 5

Total lines **1 + 2 + 5** 6

Line **T** from previous Ontario Schedule 10 for taxation years ending after February 27, 2000 7

Deduct line **7** from line **6** ..... O

N - O *(cannot be negative)* ..... P

Amount on line **5** _____ x 1 / 2 ..... Q

P - Q ..... R

Amount on line **R** _____ x 2 / 3 S

Lesser of line **N** or line **O** ..... T

Amount to be included in income S + T .....

Note: For taxation years ending after February 27, 2000 and before October 18, 2000 use 8/9 to calculate **S**