



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 corresponding items in 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

COPY

Identification	
Business number (BN) 001 86420 5893 RC 0001	
Corporation's name 002 Fort Frances Power Corporation	
Has the corporation changed its name since the last time we were notified? 003 <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	If Yes, do you have a copy of the articles of amendment? 004 <input type="checkbox"/> Yes <input type="checkbox"/> No
Address of head office Has the address changed since the last time we were notified? 010 <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No 011 320 Portage Avenue 012 _____ City Province, territory, or state 015 Fort Frances 016 ON Country (other than Canada) Postal code/Zip code 017 _____ 018 P9A 3P9	To which taxation year does this return apply? From 060 2005/01/01 to 061 2005/12/31 Has there been an acquisition of control to which subsection 249(4) applies since the previous taxation year? 063 <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes, give the date control was acquired 065 _____
Mailing address (if different from head office address) Has the address changed since the last time we were notified? 020 Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> 021 C/o _____ 022 320 Portage Avenue 023 _____ City Province, territory, or state 025 Fort Frances 026 ON Country (other than Canada) Postal code/Zip code 027 _____ 028 P9A 3P9	Is the corporation a professional corporation that is a member of a partnership? 067 <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Is this the first year of filing after: Incorporation? 070 <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Amalgamation? 071 <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes, complete lines 030 to 038 and attach Schedule 24. Has there been a wind-up of a subsidiary under section 88 during the current taxation year? If Yes, complete and attach Schedule 24 072 <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Location of books and records Has the location of books and records changed since the last time we were notified? 030 <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No 031 320 Portage Avenue 032 _____ City Province, territory, or state 035 Fort Frances 036 ON Country (other than Canada) Postal code/Zip code 037 _____ 038 P9A 3P9	Is this the final taxation year before amalgamation? 076 <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Is this the final return up to dissolution? 078 <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Is the corporation a resident of Canada? 080 <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If No, give the country of residence on line 081 and complete and attach Schedule 97. 081 _____ Is the non-resident corporation claiming an exemption under an income tax treaty? 082 <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes, complete and attach Schedule 91
040 Type of corporation at end of taxation year 1 <input checked="" type="checkbox"/> Canadian controlled private corporation (CCPC) 4 <input type="checkbox"/> Corporation controlled by a public corporation 2 <input type="checkbox"/> Other private corporation 5 <input type="checkbox"/> Other corporation (specify, below) _____ 3 <input type="checkbox"/> Public corporation If the type of corporation changed during the taxation year, provide the effective date of the change 043 _____	If the corporation is exempt from tax under section 149, tick one of the following boxes: 085 1 <input type="checkbox"/> Exempt under paragraph 149(1)(e) or (l) 2 <input type="checkbox"/> Exempt under paragraph 149(1)(j) 3 <input type="checkbox"/> Exempt under paragraph 149(1)(t) 4 <input checked="" type="checkbox"/> Exempt under other paragraphs of section 149
Do not use this area	
091	092
093	094
095	096

Attachments**Financial statement information:** Use GIF1 schedules 100, 125, and 141.

* We do not print these schedules.

Schedules - Answer the following questions. For each Yes response, attach to the T2 return the schedule that applies.

	Yes	Schedule
Is the corporation related to any other corporations?	150 <input checked="" type="checkbox"/>	9
Does the corporation have any non-resident shareholders?	151 <input type="checkbox"/>	19
Is the corporation an associated Canadian-controlled private corporation (CCPC)?	160 <input checked="" type="checkbox"/>	23
Is the corporation an associated CCPC that is claiming the expenditure limit?	161 <input type="checkbox"/>	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 <input type="checkbox"/>	11
If you answered Yes to the above question, and the transaction was between corporations not dealing at arm's length, were all or substantially all of the assets of the transferor disposed of to the transferee?	163 <input type="checkbox"/>	44
Has the corporation paid any royalties, management fees, or other similar payments to residents of Canada?	164 <input type="checkbox"/>	14
Is the corporation claiming a deduction for payments to a type of employee benefit plan?	165 <input type="checkbox"/>	15
Is the corporation claiming a loss or deduction from a tax shelter acquired after August 31, 1989?	166 <input type="checkbox"/>	T5004
Is the corporation a member of a partnership for which an identification number has been assigned?	167 <input type="checkbox"/>	T5013
Did the corporation, a foreign affiliate controlled by the corporation, or any other corporation or trust that did not deal at arm's length with the corporation have a beneficial interest in a non-resident discretionary trust?	168 <input type="checkbox"/>	22
Did the corporation have any foreign affiliates during the year?	169 <input type="checkbox"/>	25
Has the corporation made any payments to non-residents of Canada under subsections 202(1) and/or 105(1) of the federal <i>Income Tax Regulations</i> ?	170 <input type="checkbox"/>	29
Has the corporation had any non-arm's length transactions with a non-resident?	171 <input type="checkbox"/>	T106
Has the corporation made payments to, or received amounts from, a retirement compensation plan arrangement during the year?	172 <input type="checkbox"/>	----
For private corporations: Does the corporation have any shareholders who own 10% or more of the corporation's common and/or preferred shares?	173 <input checked="" type="checkbox"/>	50
Is the net income/loss shown on financial statements different from the net income/loss for income tax purposes?	201 <input checked="" type="checkbox"/>	1
Has the corporation made any charitable donations; gifts to Canada, a province, or a territory; or gifts of cultural or ecological property?	202 <input type="checkbox"/>	2
Has the corporation received dividends or paid taxable dividends for purposes of the dividend refund?	203 <input type="checkbox"/>	3
Is the corporation claiming any type of losses?	204 <input checked="" type="checkbox"/>	4
Is the corporation claiming a provincial or territorial tax credit or does it have a permanent establishment in more than one jurisdiction?	205 <input type="checkbox"/>	5
Has the corporation realized any capital gains or incurred any capital losses during the taxation year?	206 <input type="checkbox"/>	6
i) Is the corporation claiming the small business deduction and reporting income from: a) property (other than dividends deductible on line 320 of the T2 return, b) a partnership, c) a foreign business, or d) a personal services business; or		
ii) is the corporation claiming the refundable portion of Part I tax?	207 <input type="checkbox"/>	7
Does the corporation have any property that is eligible for capital cost allowance?	208 <input type="checkbox"/>	8
Does the corporation have any property that is eligible capital property?	210 <input type="checkbox"/>	10
Does the corporation have any resource-related deductions?	212 <input type="checkbox"/>	12
Is the corporation claiming reserves of any kind?	213 <input type="checkbox"/>	13
Is the corporation claiming a patronage dividend deduction?	216 <input type="checkbox"/>	16
Is the corporation a credit union claiming a deduction for allocations in proportion to borrowing or an additional deduction?	217 <input type="checkbox"/>	17
Is the corporation an investment corporation or a mutual fund corporation?	218 <input type="checkbox"/>	18
Was the corporation carrying on business in Canada as a non-resident corporation?	220 <input type="checkbox"/>	20
Is the corporation claiming any federal or provincial foreign tax credits, or logging tax credits?	221 <input type="checkbox"/>	21
Is the corporation a non-resident-owned investment corporation claiming an allowable refund?	226 <input type="checkbox"/>	26 *
Does the corporation have any Canadian manufacturing and processing profits?	227 <input type="checkbox"/>	27
Is the corporation claiming an investment tax credit?	231 <input type="checkbox"/>	31
Is the corporation claiming any scientific research and experimental development (SR&ED) expenditures?	232 <input type="checkbox"/>	T661
Is the corporation subject to Part 1.3 tax?	233 <input type="checkbox"/>	33/34/35
Is the corporation a member of a related group with one or more members subject to gross Part 1.3 tax?	236 <input type="checkbox"/>	36
Is the corporation claiming a surtax credit?	237 <input type="checkbox"/>	37
Is the corporation subject to gross Part VI tax on capital of financial institutions?	238 <input type="checkbox"/>	38
Is the corporation claiming a Part I tax credit?	242 <input type="checkbox"/>	42
Is the corporation subject to Part IV.1 tax on dividends received on taxable preferred shares or Part VI.1 tax on dividends paid?	243 <input type="checkbox"/>	43
Is the corporation agreeing to a transfer of the liability for Part VI.1 tax?	244 <input type="checkbox"/>	45
Is the corporation subject to Part II - Tobacco Manufacturers' surtax?	249 <input type="checkbox"/>	46
For financial institutions: Is the corporation a member of a related group of financial institutions with one or more members subject to gross Part VI tax?	250 <input type="checkbox"/>	39
Is the corporation claiming a Canadian film or video production tax credit refund?	253 <input type="checkbox"/>	T1131
Is the corporation claiming a film or video production services tax credit refund?	254 <input type="checkbox"/>	T1177
Is the corporation subject to Part XIII.1 tax?	255 <input type="checkbox"/>	92 *

Attachments - Continued from page 2

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

Additional information

Is the corporation inactive?	280	1 Yes <input type="checkbox"/>	2 No <input checked="" type="checkbox"/>
Has the major business activity changed since the last return was filed? (enter Yes for first time-filers)	281	1 Yes <input type="checkbox"/>	2 No <input checked="" type="checkbox"/>
What is the corporation's major business activity? (Only complete if Yes was entered at line 281)	282		
If the major activity involves the resale of goods, indicate whether it is wholesale or retail	283	1 Wholesale <input type="checkbox"/>	2 Retail <input type="checkbox"/>
Specify the principal product(s) mined, manufactured, sold, constructed, or service provided, giving the approximate percentage of the total revenue that each product or service represents.	284	Electrical Energy	285 99.000 %
	286	Other	287 1.000 %
	288		289 %
Did the corporation immigrate to Canada during the taxation year?	291	1 Yes <input type="checkbox"/>	2 No <input checked="" type="checkbox"/>
Did the corporation emigrate from Canada during the taxation year?	292	1 Yes <input type="checkbox"/>	2 No <input checked="" type="checkbox"/>

Taxable income

Net income or (loss) for income tax purposes from Schedule 1, financial statements, or GIF1	300	368,433	A
Deduct: Charitable donations from Schedule 2	311		
Gifts to Canada or 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")		368,433	C
Add: Section 110.5 additions and/or subparagraph 115(1)(a)(vii) additions	355		D
Taxable income (amount C plus amount D)	360	368,433	
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)			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	368,433	A
Taxable income from line 360 on page 3, minus 10/3 of the amount on line 632* on page 7, minus 3 times the amount on line 636** on page 7, and minus any amount that, because of federal law, is exempt from Part I tax	405		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	=	1	
	Number of days in the taxation year		365	
\$250,000 x	Number of days in the taxation year in 2004	=	2	
	Number of days in the taxation year		365	
\$300,000 x	Number of days in the taxation year after 2004	=	300,000	3
	Number of days in the taxation year		365	
	Add amounts at line 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	=	E
			11,250		

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

Small business deduction - 16% of whichever amount is the least: A, B, C, or F.	430	0	G
--	-----	---	---

(enter amount G of line 9 on page 7)

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	=	a
Net active business income (amount from line 400)*			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			c
Deduct:			d
Aggregate investment income (amount from line 440 of page 6)			d
Amount c minus amount d (if negative, enter "0")		▶	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 from line 435 on 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% of amount m			n

(enter amount n on line 637 of page 7)

* 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	H
Amount H _____ x	<u>Number of days in the taxation year in 2003</u>	365 x 1% =	I
	Number of days in the taxation year		
Amount H _____ x	<u>Number of days in the taxation year in 2004</u>	365 x 2% =	J
	Number of days in the taxation year		
Amount H _____ x	<u>Number of days in the taxation year in 2005</u>	365 x 3% =	K
	Number of days in the taxation year		
Amount H _____ x	<u>Number of days in the taxation year in 2006</u>	365 x 5% =	L
	Number of days in the taxation year		
Amount H _____ x	<u>Number of days in the taxation year after 2006</u>	365 x 7% =	M
	Number of days in the taxation year		
Resource deduction – total of amounts I, J, K, L, and M		438	N

(enter amount N 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 page 3	_____	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	
Amounts on lines 400, 405, 410, and 425 on page 4, whichever is less	_____	F	
Aggregate investment income from line 440 of page 6	_____	G	
Amount used to calculate the accelerated tax reduction (amount m of page 4)	_____		
Subtotal	_____ ▶	H	
Amount A minus amount H (if negative, enter "0")	_____	I	
Amount I _____ x	<u>Number of days in the taxation year in 2003</u>	365 x 5% =	J
	Number of days in the taxation year		
Amount I _____ x	<u>Number of days in the taxation year after 2003</u>	365 x 7% =	K
	Number of days in the taxation year		
General tax reduction for Canadian-controlled private corporations - total of amounts J and K		_____	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	<u>Number of days in the taxation year in 2003</u>	x 5% =	T
	Number of days in the taxation year		
Amount S _____ x	<u>Number of days in the taxation year after 2003</u>	x 7% =	U
	Number of days in the taxation year		
General tax reduction - total of amounts T and U		_____	V

(enter amount V on line 639 of page 7)

Refundable portion of Part I tax

Canadian-controlled private corporations throughout the taxation year

Aggregate investment income **440** X 26 2/3 % = _____ **A**

(Amount P from Part 1 of Schedule 7)

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

Deduct:

Foreign investment income **445** X 9 1/3 % = _____ **B**

(Amount O from Part 1 of Schedule 7) (if negative, enter "0") _____

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

Taxable income from line 360 on page 3 **368,433**

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 = _____

368,433 X 26 2/3% = **98,249** **D**

Part I tax payable minus investment tax credit refund (line 700 minus line 780 on page 8) _____

Deduct: Corporate surtax from line 600 of page 7 _____

Net amount _____ **E**

Refundable portion of Part I tax – Amount C, D, or E, whichever is the least **450** **0** **F**

Refundable dividend tax on hand

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

Deduct: Dividend refund for the previous taxation year **465**

Add the total of:

Refundable portion of Part I tax from line 450 above _____

Total Part IV tax payable from line 360 on page 2 of Schedule 3 _____

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

485 **0** **H**

Refundable dividend tax on hand at the end of the taxation year - Amount G plus amount H

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 on page 2 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) _____ **0**

Part I tax

Base amount of Part I tax - 38% of taxable income (line 360 or amount Z, whichever applies) 550 0 A
 from page 3

Corporate surtax calculation

Base amount from line A above 1
Deduct:
 10% of taxable income (line 360 or amount Z, whichever applies) from page 3 36,843 2
 Investment corporation deduction from line 620 below 3
 Federal logging tax credit from line 640 below 4
 Federal qualifying environment 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% of taxable income from line 360 on page 3 a
 28% of taxed capital gains b 6
 Part I tax otherwise payable c
 (line A plus line C and D minus line F)
 Total of lines 2 to 6 36,843 7
 Net amount (line 1 minus line 7) 8

Corporate surtax - 4% of the amount on line 8 600 B

Recapture of investment tax credit from line PPP in Part 21 of Schedule 31 602 C

Calculation for the refundable tax on 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 3 368,433
Deduct:
 Amount on line 400, 405, 410, or 425 of page 4, whichever is the least
 Net amount 368,433 ▶ 368,433 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) E

Deduct:

Small business deduction from line 430 on page 4 9
 Federal tax abatement 608
 Manufacturing and processing profits deduction from amount BB or amount RR of Schedule 27 616
 Investment corporation deduction 620
 (taxed capital gains **624**)
 Additional deduction - credit unions from Schedule 17 628
 Federal foreign non-business income tax credit from Schedule 21 632
 Federal foreign business income tax credit from Schedule 21 636
 Accelerated tax reduction from amount n of page 4 637
 Resource deduction from line 438 of page 5 10
 General tax reduction for CCPCs from amount L on page 5 638
 General tax reduction from amount V on page 5 639
 Federal logging tax credit from Schedule 21 640
 Federal political contribution tax credit 644
 Federal political contributions 646
 Federal qualifying environmental trust tax credit 648
 Investment tax credit from Schedule 31 652

Subtotal ▶ F

Part I tax payable - Line E minus line F (enter amount G on line 700 of page 8) 0 G

Summary of tax and credits

Federal tax

Part I tax payable from page 7	700	_____
Part I.3 tax payable from Schedule 33, 34, or 35	704	_____
Part II surtax tax 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		0

Add provincial and territorial tax:

Provincial or territorial jurisdiction	750 ON	_____
(if more than one jurisdiction, enter "multiple" and complete Schedule 5)		
Net provincial and territorial tax payable (except Quebec, Ontario and Alberta)	760	_____
Provincial tax on large corporations (New Brunswick and Nova Scotia)	765	_____
Total tax payable		770

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 - 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

Refund Code **894** Overpayment _____ Balance (line A minus line B) 0 **B**

Direct Deposit Request

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

Start Change information **910** _____
 Branch number
914 _____ **918** _____
 Institution number Account number

If the result is negative, you have an **overpayment**.

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

Enter the amount on whichever line applies.

We do not charge or refund a difference of \$2 or less.

Balance unpaid _____
 Enclosed payment **898** _____

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 is due? **896** 1 Yes 2 No NA

Certification

950 Kibiuk _____ **951** Jim _____ **954** CEO _____
 Surname First name Position, office or rank

955 2006/04/12 _____ **956** (807) 274-9291 _____
 Date 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 _____ **959** () - _____
 Name Telephone number

Language of correspondence - Langue de correspondance

990 Language of choice/Langue de choix 1 English / Anglais 2 Français / French



- 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.

Net income (loss) after taxes and extraordinary items per financial statements			A	<u>19,231</u>
Add:				
Provision for income taxes - current	101	<u>22,928</u>		
Provision for income taxes - deferred	102	<u>(24,189)</u>		
Amortization of tangible assets	104	<u>359,463</u>		
	Total of fields 101 to 199	500	▶	<u>358,202</u>
Deduct:				
Gain on disposal of assets per financial statements	401	<u>9,000</u>		
	Total of fields 401 to 499	510	▶	<u>9,000</u>
Net income (loss) for income tax purposes (enter on line 300 of the T2 return)				<u><u>368,433</u></u>

**CORPORATION LOSS CONTINUITY AND APPLICATION
 (2000 and later taxation years)**

- 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 prior 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	368,433
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	
Add: (decrease a loss)	Subtotal
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
Other adjustments	150
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 <input type="checkbox"/> Yes
Loss from a wholly owned subsidiary deemed to be a loss of the parent from its immediately preceding taxation year.	

Corporation loss continuity and application**Part 2 – Capital losses****Continuity of capital losses and request for a carryback**

Capital losses at end of preceding taxation year	200	18,661	
Capital losses transferred on an amalgamation or the windup of a subsidiary corporation	205		
Current-year capital loss (from Schedule 6 calculation)	210		
		18,661	18,661
Add:			
Allowable business investment loss expired as a non-capital loss	x 4/3	220	
		Subtotal	18,661
Deduct:			
Amount applied against current-year capital gain (see Note 1)	225		
Section 80 - Adjustments for forgiven amounts	240		
Other adjustments	250		
Deduct - Request to carry back capital loss to: (see Note 2)			
First preceding taxation year	951		
Second preceding taxation year	952		
Third preceding taxation year	953		
Capital losses - Closing balance		280	18,661

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 T2 return)	330		
Amount applied against taxable dividends subject to Part IV tax	335		
Section 80 - Adjustments for forgiven amounts	340		
Other adjustments	350		
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	

Corporation loss continuity and application**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		B
(Amount A above – \$2,500) divided by 2		C
Maximum	6,250	
Deductible farm loss		
Current-year restricted farm loss (enter this amount on line 410)		

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 T2 return)	430	
Section 80 – Adjustments for forgiven amounts	440	
Other adjustments	450	
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 losses 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 gain (enter on line 655 of Schedule 6)	530	
Other adjustments	550	
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	

Corporation loss continuity and application**Part 6 – Analysis of balance of losses by year of origin**

Year of origin	Non-capital losses *	Farm losses	Restricted farm losses	Listed personal property losses
2000/12/31				
2001/12/31				
2002/12/31				
2003/12/31				
2004/12/31				
2005/12/31				
Total				

* The carryforward period for non-capital losses arising in a taxation year ending after March 22, 2004, is changed from 7 to 10 taxation years.

Part 7 – Limited partnership losses**Current-year limited partnership losses**

1	2	3	4	5	6	7
Partnership identifier	Fiscal period ending	Corporation's share of limited partnership loss	Corporation's at risk amount	Corp's share of partnership ITC, farming losses and resource expenses	Column 4 - 5 If negative, enter "0"	Current-year limited partnership losses Column 3 - 6
600	602	604	606	608		620
Total (enter this amount on line 222 of Schedule 1)						

Limited partnership losses from prior taxation years that may applied in the current year

1	2	3	4	5	6	7
Partnership identifier	Fiscal period ending	Limited partnership losses at end of preceding taxation year	Corporation's at risk amount	Corp's share of partnership ITC, business or property losses and resource expenses	Column 4 - 5 if negative, enter "0"	Limited partnership losses that may be applied in the year The lesser of columns 3 and 6
630	632	634	636	638		650

Continuity of limited partnership losses that can be carried forward to future taxation years

Partnership identifier	Losses at end of preceding taxation year	Losses transferred from amalgamation or windup of subsidiary	Current year limited partnership losses (from column 620)	Limited partnership losses applied (cannot exceed 650)	Limited partnership losses closing balance (662+664+670-675)
660	662	664	670	675	680
Total (enter this amount on line 335 of the T2 return)					



Canada Customs
and Revenue Agency

Agence des douanes
et du revenu du Canada

RELATED AND ASSOCIATED CORPORATIONS

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

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

Name	Country (if not Canada)	Business # (Canadian corporation only)	Code note 1	Common shares		Preferred shares		Book value of capital stock
				# owned	% owned	# owned	% owned	
100 Fort Frances Network Services	200	300	400	500	550	600	650	700

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

AGREEMENT AMONG ASSOCIATED CANADIAN-CONTROLLED PRIVATE CORPORATIONS TO ALLOCATE THE BUSINESS LIMIT (2003 and later taxation years)

- 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.

Allocation of the business limit

Date filed (for departmental use only) **025**

Enter the calendar year to which the agreement applies **050** 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 200	3 Association code 300
1	Fort Frances Power Corporation	86420 5893 RC 0001	1
2	Fort Frances Network Services	86403 7528 RC 0001	1

Allocate business limit using: % \$

	Taxation year		4 Business limit for the year (before allocation) \$	Allocating business limit		
				5 Percentage of the business limit (%)	6 Business limit allocated \$	7 Gross Part 1.3 tax for business limit reduction
	Start	End		350	400	
1	2005/01/01	2005/12/31	300,000	100.000	300,000	
2	2005/01/01	2005/12/31	300,000			
TOTALS				100.000	A 300,000	

If the taxation year of the corporation filing this form is less than 51 weeks, enter the prorated business limit in this box. \$ 300,000

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

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

Name of shareholder (after name, indicate in brackets if the shareholder is a corporation, partnership, individual or trust) 100	Business Number (If a corporation is not registered, enter "NR") 200	Social Insurance Number * 300	Percentage common shares 400	Percentage preferred shares 500
Town of Fort Frances	NR		100.000	
	RC			

* If the shareholder is a trust, enter NR at field 200 or NA at field 300.

**BALANCE SHEET INFORMATION****Schedule 100**

Assets	Code	Current year	Prior year
Cash and deposits	1000	1,967,287	1,369,155
Accounts Receivable	1060	361,916	464,416
Inventories	1120	180,609	159,957
Work in progress	1125	766,344	714,759
Other short term Canadian investments	1186	1,243,386	1,161,350
Future income taxes	1481	132,711	108,522
Prepaid expenses	1484	26,983	22,610
Land	1600	100,000	100,000
Buildings	1680	1,068,548	1,068,548
Accumulated amortization of buildings	1681	(908,368)	(899,082)
Machinery, equipment, furniture and fixtures	1740	7,190,094	7,105,461
Accumulated amortization of machinery, equipment, furniture and fixtures	1741	(4,379,826)	(4,099,512)
Motor vehicles	1742	643,038	517,934
Accumulated amortization of motor vehicles	1743	(397,318)	(443,831)
Computer equipment / software	1774	29,612	53,821
Accumulated amortization of computer equipment / software	1775	(14,630)	(44,368)
Other machinery and equipment	1785	105,108	100,680
Accumulated amortization of other machinery and equipment	1786	(90,195)	(86,554)
Furniture and fixtures	1787	91,245	85,373
Accumulated amortization of furniture and fixtures	1788	(76,416)	(73,525)
Leasehold improvements	1918	10,507	6,221
Accumulated amortization of leasehold improvements	1919	(3,345)	(1,244)
Intangible assets	2010	45,233	62,010
Accumulated amortization of intangible assets	2011		(13,239)
Total assets	2599	8,092,523	7,439,462

Liabilities	Code	Current year	Prior year
Bank overdraft	2600		
Amounts payable and accrued liabilities	2620	1,912,328	1,266,417
Taxes payable	2680	11,244	12,760
Other current liabilities	2960	119,332	127,113
Deposits received	2961	95,031	78,375
Other long term liabilities	3320	221,860	241,300
Total liabilities	3499	2,359,795	1,725,965

Equity	Code	Current year	Prior year
Common shares	3500	5,807,391	5,807,391
Retained earnings / deficit	3600	(74,663)	(93,894)
Total equity	3620	5,732,728	5,713,497
Total liabilities and equity	3640	8,092,523	7,439,462

Retained earnings	Code	Current year	Prior year
Retained earnings/deficit-start	3660	(93,894)	(64,616)
Net income / loss	3680	19,231	(29,278)
Total retained earnings	3849	(74,663)	(93,894)

Prepared without audit based on information provided by the taxpayer.

**Details**

Operating name, if different from the corporations' legal name

0001

Description of operation, if filing multiple Schedules 125

0002

Revenue	Code	Current year	Prior year
Trade sales of goods and services	8000	5,455,699	5,153,040
Total sales of goods and services	8089	5,455,699	5,153,040
Realized gains / losses on disposal of assets	8210	9,000	
Other revenue	8230	115,080	129,026
Expense recoveries	8249		50,709
Total revenue	8299	5,579,779	5,332,775

Cost of sales	Code	Current year	Prior year
Opening inventory	8300		
Purchases / cost of materials	8320	4,121,367	3,982,613
Cost of sales	8518	4,121,367	3,982,613
Gross profit / loss (item 8089 - item 8518)	8519	1,334,332	1,170,427

Operating expenses	Code	Current year	Prior year
Amortization of tangible assets	8670	359,463	317,616
Interest and bank charges	8710	2,339	4,551
Collection and credit costs	8717	239,124	216,868
Repairs and maintenance - machinery and equipment	8964	280,525	255,915
Other expenses	9270		50,709
General and administrative expenses	9284	558,991	530,385
Total operating expenses	9367	1,440,442	1,376,044
Total expenses	9368	5,561,809	5,358,657
Net non-farming income	9369	17,970	(25,882)

Farming revenue	Code	Current year	Prior year
Grains and oilseeds	9370		
Total farm revenue	9659		

Farming expenses	Code	Current year	Prior year
Crop expenses	9660		
Total farm expenses	9898		
Net farm income	9899		
Net income / loss before taxes and extraordinary items	9970	17,970	(25,882)

Prepared without audit based on information provided by the taxpayer.

Summary

Complete this section if only one Schedule 125 is filed, Schedule 140 is used to summarize the information from multiple Schedules 125.

Extraordinary items	9975-	-	-
Legal settlements	9976-	-	-
Unrealized gains / losses	9980+	+	
Unusual items	9985-	-	
Current income taxes	9990-	22,928	21,160
Future income tax provision	9995-	(24,189)	(17,764)
Net income / loss after taxes and extraordinary items	9999=	19,231	(29,278)

Prepared without audit based on information provided by the taxpayer.



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

Part 1 – Accounting practitioner informationDoes the accounting practitioner have a professional designation? 095 Yes NoIs the accounting practitioner connected* with the corporation? 097 Yes No

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

Note

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

Part 2 – Type of involvement

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

Completed an auditor's report 1 Completed a review engagement report 2 Conducted a compilation engagement 3 **Part 3 – Reservations**If you selected option "1" or "2" under **Type of involvement** above, answer the following question:Has the accounting practitioner expressed a reservation? 099 Yes No**Part 4 – Other information**Were notes to the financial statements prepared? 101 Yes No

If Yes, complete lines 102 to 107 below:

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

If Yes, complete line 109 below:

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

CDA

Capital dividend account continuity

Summary

	Prior years	Current year	Total
Non-taxable (non-deductible) portion of capital gain (loss)	(9,330)		(9,330)
Non-taxable portion of allowable business investment (loss)	+		
A. Net non-taxable gain eligible for CDA (Enter "0" if negative)	=		
B. Capital dividends received	+		
ECP amount included in income under 14(1)(b) Amount(s) deducted under 20(4.2) or portion of allowable capital loss under 20(4.3)			
C. Net non taxable portion of ECP proceeds eligible for CDA	+		
D. Net proceeds (in excess of adjusted cost base) of life insurance policy where corporation is beneficiary	+		
E. Non taxable portion of capital gains distributed from a trust	+		
F. Non taxable portion of capital dividends distributed from a trust	+		
G. Subtotal (A to F)	=		
H. Capital dividends paid	-		
I. Capital dividend account at end of the year (G - H) (Enter "0" if negative)	=		

Adjustments

Adjusted CDA balance

Summary

Tax Summary

Corporation name Fort Frances Power Corporation

Tax year ending 2005/12/31

Taxable income		Tax payable	
Net income for tax purposes	368,433	Part I tax	
Charitable donations and gifts	-	Part I.3 tax (large corporations tax)	+
Taxable dividends	-	Taxable dividends received	
Losses of prior years	-	Part IV tax	+
Other adjustments	±	Other federal tax payable	+
Taxable income	= 368,433	Subtotal	=
Part I tax		Provincial and territorial tax (except QC,ON,AB)	+
38% of taxable income		Provincial tax on large corporations (NB,NS)	+
Surtax	+	Tax payable	+
Refundable tax on CCPC investment income	+	Tax instalments paid	-
Active business income	368,433	Investment tax credit refund	-
Small business deduction	-	Taxable dividends paid	
Federal tax abatement	-	Dividend refund	-
Manufacturing and processing deduction	-	Other refundable credits	-
Additional deduction - credit unions	-	Balance owing (refund) on federal return	=
Foreign tax credits	-	Provincial income tax (ON,AB,QC)	
Resource deduction	-	Capital and other provincial taxes	+
Political contribution tax credit	-	Tax instalments and credits	-
Investment tax credit	-	Other provincial taxes	=
Other deductions and credits	-	Total balance owing (refund)	
Part I tax	=		

Provincial tax	% Provincial allocation	Taxable income	Income tax	Capital and other provincial taxes	Tax instalments and credits	Net provincial tax
Newfoundland						
Prince Edward Island						
Nova Scotia						
New Brunswick						
Manitoba						
Saskatchewan						
British Columbia						
Yukon Territory						
Northwest Territories						
Nunavut						
Schedule 5 provincial tax payable						
Ontario	100.0000	368,433				
Alberta						
Québec						
Totals						

Loss continuity	Current year carry back	Carryforward end of year	Other carryforwards
Capital		18,661	Capital dividend account
Non-capital			Refundable dividend tax on hand (net of dividend refund)
Farm			Unused Part 1.3 tax credit
Restricted farm			Unused surtax credits
Limited partnership			Foreign business tax credits
Listed personal property			Donations and gifts
			Investment tax credits
			Ontario CMT losses
			Ontario CMT credit
			112,552

5Year

5 Year Tax Summary

Years Ending:	2005/12/31	2004/12/31	2003/12/31	2002/12/31	2001/12/31
Taxable income					
Net Income for tax purposes	368,433	291,734	42,349	229,279	18,657
Charitable donations and gifts	-	-	-	-	-
Taxable dividends	-	-	-	-	-
Losses of other years	-	-	-	104,770	18,657
Other adjustments	±	±	±	±	±
Taxable income	= 368,433	= 291,734	= 42,349	= 124,509	=
Active business income	368,433	291,734	42,349	229,279	18,657
Part I tax					
38% of taxable income					
Surtax	+	+	+	+	+
Refundable tax on CCPC investment income	+	+	+	+	+
Small business deduction	-	-	-	-	-
Federal tax abatement	-	-	-	-	-
Manufacturing and processing deduction	-	-	-	-	-
Additional deduction - credit unions	-	-	-	-	-
Foreign tax credits	-	-	-	-	-
Resource deduction	-	-	-	-	-
Political contribution tax credit	-	-	-	-	-
Investment tax credit	-	-	-	-	-
Other deductions and credits	-	-	-	-	-
Part I tax	=	=	=	=	=
Tax payable					
Part I tax					
Part I.3 tax	+	+	+	+	+
Part IV tax	+	+	+	+	+
Other federal tax payable	+	+	+	+	+
Subtotal	=	=	=	=	=
Provincial and territorial tax (except QC,ON,AB)	+	+	+	+	+
Provincial tax on large corporations (NB,NS)	+	+	+	+	+
Tax payable	=	=	=	=	=
Tax instalments made	-	-	-	-	-
Investment tax credit refund	-	-	-	-	-
Dividend refund	-	-	-	-	-
Other refundable credits	-	-	-	-	-
Balance owing (refund)	=	=	=	=	=
Provincial income tax (ON,AB,QC)		(2,140)	(2,228)	(2,387)	
Capital and other provincial taxes	+	2,140	2,228	2,387	+
Tax instalments and credits	-	-	-	-	-
Other provincial taxes	=	=	=	=	=
Total taxes owing (refund)					

RACSummary

Related and Associated Corporations Summary

		Corporation #1	Corporation #2	Corporation #3	Total
Corporation name		Fort Frances Power Corporation	Fort Frances Network Services		
Business number		86420 5893 RC 0001	86403 7528 RC 0001	RC	
Taxation year end		2005/12/31	2005/12/31		
Federal					
Schedule 9	# of common shares owned				
	% of common shares owned				
	# of preferred shares owned				
	% of preferred shares owned				
	Book value of capital stock				
Schedule 23	Business limit (before allocation)	300,000	300,000		600,000
	% of the business limit	100.000			100.000
	Allocation of the business limit	300,000			300,000
Schedule 49	Allocation of SR&ED expenditure limit				
Capital tax					
Schedule 36	Allocation of capital deduction	50,000,000			50,000,000
Schedule 39	Allocation of capital deduction	200,000,000			200,000,000
Schedule 343	Allocation of capital deduction	5,000,000			5,000,000
Schedule 362	Allocation of capital deduction	5,000,000			5,000,000
Alberta					
AT1 Schedule 1	% of business limit	100.000			100.000
	Allocation of the base amount	200,000			200,000
AT1 Schedule 6	Allocation of Crown royalty shelter	2,000,000			2,000,000
Ontario					
OMinimum	Total assets	8,092,523			8,092,523
	Total revenue	5,579,779			5,579,779
OSurtax	Taxable income	368,433			368,433
CT21	Taxable capital	5,732,728			5,732,728
Schedule 591	Allocation of net deduction				
OITC	Allocation of OITC expenditure limit	2,000,000			2,000,000
Québec					
CO-1137.E	% of the \$1,000,000 deduction	100.0000			100.0000
	Paid-up capital	5,713,497			5,713,497
CO-737.18.18	Paid-up capital	5,713,497			5,713,497
CO-1138.1	Allocation of farming and fishing deduction				
RD-1029.7	Assets	8,092,523			8,092,523
RD-1029.7.8	Allocation of SR&ED expenditure limit	2,000,000			2,000,000
CO-771.1.3.V	% of the business limit	100.000			100
	Allocation of the business limit				
Manitoba					
MCT1	Allocation of capital deduction	5,000,000			5,000,000
British Columbia					
Schedule F	Net paid-up capital				
	BC paid-up capital				



The **Annual Return** (common page 1 and MCBS 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

This form is a combination of the Ministry of Finance (MOF) **CT23 Corporations Tax Return** and the Ministry of Consumer and Business Services (MCBS) **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).

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

Corporation's Legal Name (including punctuation) Fort Frances Power Corporation				Ontario Corporations Tax Account No. (MOF) 1890090	
Mailing address 320 Portage Avenue City: Fort Frances Province: ON Country: CA Postal code: P9A 3P9				This Return covers the Taxation Year Start: 2005/01/01 End: 2005/12/31	
Has the mailing address changed since last filed CT23 Return? <input type="checkbox"/> Yes		Date of change		Date of Incorporation or Amalgamation 2000/06/19	
Registered/Head Office Address 320 Portage Avenue City: Fort Frances Province: ON Country: CA Postal code: P9A 3P9				Ontario Corporation No. (MCBS) 1424338	
Location of Books and Records 320 Portage Avenue City: Fort Frances Province: ON Country: CA Postal code: P9A 3P9				Canada Customs and Revenue Agency Business No. 864205893RC0001	
Name of person to contact regarding this CT23 Return Jim Kibiuk		Telephone No. (807) 274-9291	Fax No. () -	Jurisdiction Incorporated Ontario	
Address of Principal Office in Ontario (Extra-Provincial Corporations only) (MCBS) City: Province: Country: Postal code:				If not incorporated in Ontario, indicate the date Ontario business activity commenced and ceased: Commenced: Ceased:	
Former Corporation Name (Extra-Provincial Corporations only) <input type="checkbox"/> Not Applicable (MCBS)				<input checked="" type="checkbox"/> Not Applicable	
Information on Directors/Officers/Administrators must be completed on MCBS Schedule A or K as appropriate. If additional space is required for Schedule A, only this schedule may be photocopied. State number submitted (MCBS). No. of Schedule(s): 0				Preferred Language / Langue de préférence <input checked="" type="checkbox"/> English anglais <input type="checkbox"/> French français	
If there is no change to the Directors'/Officers'/Administrators' information previously submitted to MCBS, please check <input checked="" type="checkbox"/> this box. Schedule(s) A and K are not required (MCBS). <input checked="" type="checkbox"/> No Change				Ministry Use 	

Certification (MCBS)

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

Name of Authorized Person
Jim Kibiuk

Title: Director Officer Other individual having knowledge of the Corporation's business activities

Note: Sections 13 and 14 of the *Corporations Information Act* provide penalties for making false or misleading statements or omissions.

Taxation Year End



Exempt From Filing (EFF) Corporations Tax Return Declaration

Page 2 of 20

Corporation's Legal Name

Ontario
Corporations Tax
Account No. (MOF)

This EFF Declaration must be filed for each taxation year that the corporation is exempt from filing and must be filed within 6 months after the corporation's taxation year end.

Criteria for exempt from filing status:

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

Note 1: Filing of this declaration and the Annual Return does not constitute the filing of a Corporations Tax Return under section 75 of the Corporations Tax Act.

Note 2: The following loss situations will require otherwise EFF corporations to file a CT23 tax return complete with all related schedules and financial statements:

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

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

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

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

1. Corporation's Mailing Address

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

2. Ontario Corporation No. (MCBS)

3. Canada Customs and Revenue Agency Business No.

I, _____ declare that:

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

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

Please note that making a false statement to avoid compliance with the Corporations Tax Act is an offence which can result in a penalty and/or fine.

If you check "Yes" to ALL of the following criteria, you are eligible to file the CT23 Short-Form Corporation Tax Return. To obtain a copy, contact the Ministry Information Centre at the numbers listed on page 2 of the Guide.

Yes	No		Yes	No	
<input checked="" type="checkbox"/>	<input type="checkbox"/>	(a) The corporation is a Canadian-controlled private corporation (CCPC) throughout the taxation year. <small>(nearest whole percentage)</small> Indicate Share Capital with full voting rights owned by Canadian Residents _____ 0 %	<input type="checkbox"/>	<input checked="" type="checkbox"/>	(d) The corporation's taxation year ends on or after January 1, 2001, and its gross revenue and total assets are each \$1,500,000 or less and the corporation is not a financial institution; or The corporation's taxation year commences after September 30, 2001, and its gross revenue and total assets are each \$3,000,000 or less and the corporation is not a financial institution.
<input type="checkbox"/>	<input checked="" type="checkbox"/>	(b) The corporation's taxable income for the taxation year is \$200,000 or less. For a taxation year with less than 51 weeks, taxable income must be grossed-up. (Refer to Guide)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	(e) The corporation is not claiming a tax credit other than the Incentive Deduction for Small Business Corporations (IDSBC), Co-operative Education Tax Credit (CETC), Graduate Transitions Tax Credit (GTTC) or Apprenticeship Training Tax Credit (ATTC).
<input type="checkbox"/>	<input checked="" type="checkbox"/>	(c) The corporation is not a member of a partnership/joint venture or a member of an associated group of corporations during the taxation year.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	(f) The corporation's Ontario allocation factor is 100%.

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

CT23 Corporations Tax Return

Identification continued (for CT23 filers only)

Type of Corporation - Please check (✓) box(es) if applicable in sections 1 & 2

- 1** **1** Canadian-controlled private (CCPC) all year
(Generally a private corporation of which 50% or more shares are owned by Canadian residents.) (fed.s.125(7)(b))
- 2** Other Private
- 3** Public
- 4** Non-share Capital
- 5** Other (specify)

Share Capital with full voting rights owned by Canadian Residents. (nearest %) 0 %

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

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

Please check (✓) box(es) if applicable:

- First Year of Filing
- Amended Return
- Taxation Year End has changed - Canada Customs and Revenue Agency approval required
- Final Taxation Year up to Dissolution (wind-up) (Note: For discontinued businesses, see Guide.)
- Final Taxation Year before Amalgamation
- Floating Fiscal Year End
- Transfer or Receipt of Asset(s) involving a corporation having a Canadian permanent establishment outside Ontario
- Acquisition of Control fed s.249(4)
Date control was acquired: _____

Was the corporation inactive throughout the taxation year?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Has the corporation's Federal T2 Return been filed with the Canada Customs and Revenue Agency (CCRA)?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
Are you requesting a refund due to:	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
the Carry-back of a Loss?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
an Overpayment?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
a Specified Refundable Tax Credit?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Are you a Member of a Partnership or a Joint Venture?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>

Income Tax

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

Net income (loss) for Ontario purposes (per reconciliation schedule, page 15)		From 690±	368,433
Subtract: Charitable donations		1 -	
Subtract: Gifts to Her Majesty in right of Canada or a province and gifts of cultural property (Attach schedule 2)		2 -	
Subtract: Taxable dividends deductible, per federal Schedule 3		3 -	
Subtract: Ontario political contributions (Attach schedule 2A) (Int.B. 3002R)		4	
Subtract: Federal Part VI.1 tax	X 3	5 -	
Subtract: Prior years' losses applied - Non-capital losses		From 704	
	From 715	inclusion	
Net capital losses (page 16)	X rate	50.000000 % =	714
Farm losses		From 724-	
Restricted farm losses		From 734-	
Limited partnership losses		From 754-	
		10 =	368,433

Taxable income (Non-capital loss)

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 =	368,433

Taxable Income

		Number of days in Taxation Year			
		Days after Dec. 31, 2002 and before Jan. 1, 2004	Total Days		
From 10 (or 20)	368,433 X 30	100.0000 % X 12.5 % X 33	73	365 =	29+
	Ontario Allocation	Days after Dec. 31, 2003	Total Days		
From 10 (or 20)	368,433 X 30	100 % X 14.0 % X 34	365 ÷ 73	365 =	32+ 51,581
	Ontario Allocation				

Income Tax Payable (before deduction of tax credits) 29 + 32	40 =	51,581
---	------	--------

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 year? (✓) Yes No

* Income from active business carried on in Canada

for federal purposes (fed.s.125(1)(a))	50	368,433
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 application of fed.s.125(5.1)	55	
--	----	--

Ontario Business Limit Calculation

Days after Dec. 31, 2002 and before Jan. 1, 2004	320,000 X 31	÷ **	365	=+ 46	
Days after Dec. 31, 2003	400,000 X 34	÷ **	365	=+ 47	400,000
Business limit for Ontario purposes 46 + 47	= 44	400,000 X 48	100.0000 % =	45	400,000

Income eligible for the IDSBC	From 30	100.0000 % X 56	60 =
	***Ontario Allocation	Least of 50, 54 or 45	

* Note: Modified by s.41(6) and (7) for corporations that are members of a partnership. (Refer to Guide.)
 ** Note: Adjust accordingly for a floating taxation year and use 366 for a leap year.
 *** Note: Ontario Allocation for IDSBC purposes may differ from 30 if Taxable Income is allocated to foreign jurisdictions. See special rules (s.41(4)).

continued on Page 5

Income Tax *continued from Page 4*

		Number of Days in Taxation Year				
		Days after Dec. 31, 2002 and before Jan. 1, 2004	÷	Total Days		
Calculation of IDSBC Rate	7.0 % X	31	÷	73	365 =	89 +
		Days after Dec. 31, 2003		Total Days		
	8.5 % X	34	÷	73	365 =	90 + 8.5000
IDSBC Rate for Taxation Year					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 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 +	368,433
If you are a member of an associated group (✓) 81 <input type="checkbox"/> (Yes)				
Taxable income of associated corporations (<i>Attach schedule</i>)			82 +	
Aggregate Taxable Income			85 =	368,433

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

		Number of Days in Taxation Year				
		Days after Dec. 31, 2002	÷	Total Days		
Calculation of Specified Rate for Surtax	4.667% X	38	÷	73	365 =	97 + 4.6670
From 86	X	From 97	4.6670 % =	87 =		
From 87	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

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 $\frac{100.0000}{\%}$ + From 78 $\frac{8.5000}{\%}$ = 121

*Ontario Allocation

Lesser of 56 or 121 122+

120 - 56 + 122 130=

Taxable income

From 10 + 368,433

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 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= 368,433

Claim**Number of Days in Taxation Year**

Days after Dec. 31, 2002
and before Jan. 1, 2004

Total Days

143 X From 30 $\frac{100.0000}{\%}$ X 1.5% X 33 ÷ 73 365 = 154+

Lesser of 130 or 142

*Ontario Allocation

Days after Dec. 31, 2003

Total Days

143 X From 30 $\frac{100.0000}{\%}$ X 2.0% X 34 365 ÷ 73 365 = 156+

Lesser of 130 or 142

*Ontario Allocation

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= 51,581

continued on Page 7

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

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

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

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

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

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

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

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

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

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

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

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

Applies to qualifying expenditures in respect of eligible literary works by eligible Canadian authors. Eligible Credit from **6900** OBPTC Claim Form

(Attach both the original Claim Form and the Certificate of Eligibility) 196 +

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Specified Tax Credits Applied to reduce Income Tax 225 =

Income Tax 190 - 225 OR Enter NIL if reporting Non-Capital Loss (amount cannot be negative) 230 = 51,581

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

OR

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

Corporate Minimum Tax (CMT)

Total Assets of the corporation	240+	8,092,523	
Total Revenue of the corporation			241+ 5,579,779
<i>The above amounts include the corporation's and associated corporations' share of any partnership(s) / joint venture(s) total assets and total revenue.</i>			
If you are a member of an associated group (✓) 242 <input checked="" type="checkbox"/> (Yes)			
Total Assets of associated corporations (Attach schedule)	243+		
Total Revenue of associated corporations (Attach schedule)			244+
Aggregate Total Assets	249=	8,092,523	
Aggregate Total Revenue			250= 5,579,779

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	X	From 30 100.0000 % X 4%	276=
	If negative, enter zero	Ontario Allocation	
Subtract: Foreign Tax Credit for CMT purposes (Attach schedule)			277
Subtract: Income Tax		From 190-	51,581
Net CMT Payable (if negative, enter Nil on page 17.)			280=

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

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

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

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

Application of CMT Credit Carryovers

A.	Income Tax (before deduction of specified credits)	From 190+	51,581
	Gross CMT Payable	From 276+	
	Subtract: Foreign Tax Credit for CMT purposes	From 277-	
	If 276 - 277 is negative, enter NIL in 290	=	290-
	Income Tax eligible for CMT Credit		300= 51,581
B.	Income Tax (after deduction of specified credits)	From 230+	51,581
	Subtract: CMT credit used to reduce income taxes	310-	
	Income Tax	320=	51,581

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(a) or (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 +	5,807,391
Retained earnings (if deficit, deduct) (Int.B. 3012R)	351 ±	(74,663)
Capital and other surpluses, excluding appraisal surplus (Int.B. 3012R)	352 +	
Loans and advances (Attach schedule)(Int.B. 3013R)	353 +	
Bank loans (Int.B. 3013R)	354 +	
Bankers acceptances (Int.B. 3013R)	355 +	
Bonds and debentures payable (Int.B. 3013R)	356 +	
Mortgages payable (Int.B. 3013R)	357 +	
Lien notes payable (Int.B. 3013R)	358 +	
Deferred credits (including income tax reserves, and deferred revenue where it would also be included in paid-up capital for the purposes of the large corporations tax) (Int.B. 3013R)	359 +	
Contingent, investment, inventory and similar reserves (Int.B. 3012R)	360 +	
Other reserves not allowed as deductions for income tax purposes (Attach schedule) (Int.B. 3012R)	361 +	
Share of partnership(s) or joint venture(s) paid-up capital (Attach schedule(s)) (Int.B. 3017R)	362 +	
Subtotal	370 =	5,732,728
Subtract: Amounts deducted for income tax purposes in excess of amounts booked (Retain calculations. Do not submit.) (Int.B. 3012R)	371 -	
Deductible R&D expenditures and ONTTI costs deferred for income tax if not already deducted for book purposes (Int.B. 3015R)	372 -	
Total Paid-up Capital	380 =	5,732,728
Subtract: Deferred mining exploration and development expenses (s.62(1)(d)) (Int.B. 3015)	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 <i>Corporations Tax Act</i> , and the assets are used both in generating electricity from a renewable or alternative energy source and are qualifying property as prescribed by regulation	382	
Net Paid-up Capital	390 =	5,732,728

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

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

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

continued on Page 10

Capital Tax continued from Page 9

Total Assets (Int.B. 3015R)

Total Assets per balance sheet	420 +	8,092,523
Mortgages or other liabilities deducted from assets	421 +	
Share of partnership(s)/joint venture(s) total assets (Attach schedule)	422 +	
Subtract: Investment in partnership(s)/joint venture(s)	423 -	
Total Assets as adjusted	430 =	8,092,523
Amounts in 360 and 361 (if deducted from assets)	440 +	
Subtract: Amounts in 371, 372 and 381	441 -	
Subtract: Appraisal surplus if booked	442 -	
Add or Subtract: Other adjustments (specify on an attached schedule)	443 ±	
Total Assets	450 =	8,092,523

Investment Allowance (410 ÷ 450) X 390	Not to exceed 410	460 =
Taxable Capital 390 - 460		470 = 5,732,728

Gross Revenue (as adjusted to include the share of any partnership(s)/joint venture(s) Gross Revenue)		
Gross Revenue of the corporation	5,579,779	
Corporation's Share of partnership(s)/joint venture(s) Gross Revenue (Attach schedule)		
Aggregate of Gross Revenue	5,579,779	480 5,579,779
Total Assets (as adjusted)	From 430	8,092,523

Calculation of Capital Tax for all Corporations except Financial Institutions

Note: This version (2004/2005) of the CT23 may only be used for a taxation year that commenced after December 31, 2002.

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 2004/2005 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	+	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		Days in taxation year	
- From 503			
= 471	x From 30	x 0.3% x 555	= 523 +
	Ontario Allocation	365 (366 if leap year)	Transfer to 543 on page 12
		If floating taxation year, refer to Guide.	and complete the return from that point

SECTION D

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

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

If Taxable Capital **470** on page 10 exceeds the TCD **503** on page 10, proceed to **Section E**, enter the TCD amount in **542** in Section E, and complete Section E and the return from that point.

D2. **524** (✓ if applicable) One or more of the corporations that you are associated with **maintains** a permanent establishment in Canada. You and your associated group may continue to allocate the TCD by completing the Calculation below. Or, the associated group **may file an election** under subsection 69(2.1) of the *Corporations Tax Act*, whereby total assets are used to allocate the TCD among the associated group. Once a ss.69(2.1) election is filed, all members of the group will then be required to file in accordance with the election and allocate a portion (portion is henceforth referred to as **Net Deduction**) of the capital tax effect relating to the TCD to each corporation in the group on the basis of the ratio that each corporation's total assets multiplied by its Ontario allocation is to the total assets of the group.

The total asset amounts and Ontario allocation percentages to be used for this calculation must be taken from each corporation's financial information from its last taxation year ending in the immediately preceding calendar year.

In addition, although each corporation in the associated group may deduct its Net Deduction amount as apportioned by the total asset formula, the group may, at the group's option, reallocate the group's total Net Deduction among the group on what ever basis the corporate group wishes, as long as the total of the reallocated amounts does not exceed the group's total Net Deduction amount originally calculated for the associated group.

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

Taxable Capital form **470** on page 10 From **470** + 5,732,728

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

Taxable Capital of associated corporations (*Attach schedule*) **531** +
Aggregate Taxable Capital **470** + **531** **540** = 5,732,728

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** _____ ÷ From **540** _____ X From **503** _____ **541** = _____
Transfer to 542 in Section E on page 12

Ss.69(2.1) Election Filed

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

continued on Page 12

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								
	- 542								
	= 471	x	From 30	%	x 0.3%	x	555	=	523 +
			Ontario Allocation				*365 (366 if leap year)		
									Total Capital Tax for the taxation year
									<i>Transfer to 543 and complete the return from that point</i>

SECTION F

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

	+ From 470		X From 30						
			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	=	563 +
							*365 (366 if leap year)		<i>Transfer to 543 and complete the return from that point</i>

* If floating taxation year, refer to Guide

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

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 _____ % x 555 _____ $\frac{\text{Days in taxation year}}{\div *365}$ = 569 + _____
 (366 if leap year)
 Lesser of adjusted Taxable Paid Up Capital and Basic Capital Amount in accordance with Division B.1

570 _____ x 571 _____ x From 30 _____ % x 555 _____ $\frac{\text{Days in taxation year}}{\div *365}$ = 574 + _____
 (366 if leap year)
 Adjusted Taxable Paid Up Capital in accordance with Division B.1 in excess of Basic Capital Amount
 Capital Tax Rate (Refer to Guide)

Capital Tax for Financial Institutions - other than Credit Unions (before Section 2) 569 + 574 575 = _____

* If floating taxation year, refer to Guide.

2. Small Business Investment Tax Credit

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

Allowable Credit for Eligible Investments 585 = _____

Financial Institutions: Claiming a tax credit for investment in Community Small Business Investment Fund (CSBIF)? Yes No

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

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± 368,433
Transfer to Page 15

Add:

Federal capital cost allowance	601+
Federal cumulative eligible capital deduction	602+
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+
Crown charges, royalties, rentals, etc. deducted for Federal purposes (Refer to Guide)	617+
Management fees, rents, royalties and similar payments to non-arms' length non-residents	

Number of Days in Taxation Year

Days after Dec. 31, 2002 and before Jan. 1, 2004 Total Days

612 X 5/12.5 X 33 + 73 365 = 633+

Days after Dec. 31, 2003 Total Days

612 X 5/14.0 X 34 365 + 73 365 = 634+

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

Transfer to Page 15

Deduct:

Ontario capital cost allowance (excludes amounts deducted under 675)	650+
Ontario cumulative eligible capital deduction	651+
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

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 ± 368,433

Total of Additions on page 14

From 640 =

Sub Total of deductions on page 14

From 681 =

Deduct:

Ontario New Technology Tax Incentive (ONTTI) Gross-up

(Applies only to those corporations whose Ontario allocation is less than 100% in the current taxation year.)

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

662

ONTTI Gross-up deduction calculation:

From Gross-up of CCA

662 x 100/ 30 100.0000 - From 662 663 =

Ontario Allocation

Workplace Child Care Tax Incentive (WCCT)

(Applies to eligible expenditures incurred prior to January 1, 2005.)

Qualifying expenditures: 665 x 30% x 100/ 30 100.0000 666 =

Ontario Allocation

Workplace Accessibility Tax Incentive (WATI)

(Applies to eligible expenditures incurred prior to January 1, 2005.)

Qualifying expenditures: 667 x 100% x 100/ 30 100.0000 668 =

Ontario Allocation

Number of Employees accommodated 669

Ontario School Bus Safety Tax Incentive (OSBSTI)

(Applies to the eligible acquisition of school buses purchased after May 4, 1999 and before January 1, 2006.) (Refer to Guide)

Qualifying expenditures 670 x 30% x 100/ 30 100.0000 671 =

Ontario Allocation

Educational Technology Tax Incentive (ETTI)

(Applies to eligible expenditures incurred prior to January 1, 2005.)

Qualifying expenditures 672 x 15% x 100/ 30 100.0000 673 =

Ontario Allocation

Ontario allowable business investment loss

678 +

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

679 +

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

677

Total of other deductions allowed by Ontario (Attach schedule)

664 +

Total of Deductions 681 + 663 + 666 + 668 + 671 + 673 + 678 + 679 + 677 + 664

= 680

Net income (loss) for Ontario Purposes 600 + 640 - 680

690 = 368,433

Transfer to Page 4

Continuity of Losses Carried Forward

	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) 18,661	720 (2)	730	740	750
Add:	701	711	721	731	741	751
Current year's losses (7)						
Losses from predecessor corporations (3)	702	712	722	732		752
	703	713	723	733	743	753
Subtotal						
Subtract:	704 (2)	715 (2)(4)	724 (2)	734 (2)(4)	744 (4)	754 (4)
Utilized during the year to reduce taxable income	705		725	735	745	
Expired during the year						
Carried back to prior years to reduce taxable income (5)	706 (2) To Pg 17	716 (2) To Pg 17	726 (2) To Pg 17	736 (2) To Pg 17	746	
Subtotal	707	717	727	737	747	757
Balance at End of Year	709 (8)	719 18,661	729	739	749	759

Analysis of Balance by Year of Origin

Year of Origin (oldest year first)	Non Capital Losses	Non-Capital Losses of Predecessor Corporations	Total Capital Losses from Listed Personal Property only	Farm Losses	Restricted Farm Losses
800 9th preceeding taxation year	817 (6)	860 (6)		850	870
801 8th preceeding taxation year	818 (6)	861 (6)		851	871
802 7th preceeding taxation year	819 (6)	862 (6)		852	872
803 6th preceeding taxation year	820	830	840	853	873
804 5th preceeding taxation year 2000/12/31	821	831	841	854	874
805 4th preceeding taxation year 2001/12/31	822	832	842	855	875
806 3rd preceeding taxation year 2002/12/31	823	833	843	856	876
807 2nd preceeding taxation year 2003/12/31	824	834	844	857	877
808 1st preceeding 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) Include 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 amounts from 11 if taxable income is adjusted to claim unused foreign tax credit for federal purposes.
- (8) Amount in 709 must equal total of 829 + 839.
- (9) Include non-capital losses incurred in taxation years ending after March 22, 2004.

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

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 carryback adjustment may be applied by the Minister of Finance to amounts owing under **any Act administered by the Minister 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:
 - the first day of the taxation year after the loss year,
 - the day on which the corporation's return for the loss year is delivered to the Minister, or
 - the day on which the Minister receives a request in writing from the corporation to reassess the particular taxation year to take into account the deduction of the loss.
- If a loss is being carried back to a **predecessor corporation**, enter the predecessor corporation's account number and taxation year end in the spaces provided under Application of Losses below.

Application of Losses	Non-Capital Losses	Total Capital Losses	Farm Losses	Restricted Farm Losses										
Total amount of loss	910	920	930	940										
Deduct: Loss to be carried back to preceding taxation years and applied to reduce taxable income.														
<table border="0"> <tr> <td style="text-align: right;">Predecessor Corporation's</td> <td style="text-align: right;">Taxation Year</td> <td></td> <td></td> <td></td> </tr> <tr> <td style="text-align: right;">Account No. (MOF)</td> <td style="text-align: right;">Ending</td> <td></td> <td></td> <td></td> </tr> </table>	Predecessor Corporation's	Taxation Year				Account No. (MOF)	Ending				911	921	931	941
Predecessor Corporation's	Taxation Year													
Account No. (MOF)	Ending													
i) 3rd preceding	901 2002/12/31													
ii) 2nd preceding	902 2003/12/31													
iii) 1st preceding	903 2004/12/31													
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 +	51,581
Corporate Minimum Tax	From 280 +	
Capital Tax	From 550 +	
Premium Tax	From 590 +	
Total Tax Payable		950 =
Subtract:		
Payments		960 -
Capital Gains Refund (s.48)		965 -
Qualifying Environmental Trust Tax Credit		
(Refer to Guide)		985 -
Specified Tax Credits		
(Refer to Guide)		955 -
Balance		970 =
If payment due	Enclosed *	990
If overpayment: Refund (Refer to Guide)		975 =
Apply to		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 the 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		
Jim Kibiuk		
Title		
CEO		
Full Residence Address		
City		
Province	Country	Postal Code
Signature		Date
		2006/04/12

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

Corporation's Legal Name Fort Frances Power Corporation	Ontario Corporations Tax Account No. (MOF) 1800090	Taxation Year End 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± 19,231

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+	24,189	
Equity income from corporations	2103+		
Share of partnership(s)/joint venture(s) income	2104+		
Dividends received/receivable deductible under fed.s.112	2105+		
Dividends received/receivable deductible under fed.s.113	2106+		
Dividends received/receivable deductible under fed.s.83(2)	2107+		
Dividends received/receivable deductible under fed.s.138(6)	2108+		
Federal Part VI.1 tax on dividends declared and paid, under fed.s.191.1(1) _____ x 3 =	2109+		

Subtotal = 24,189 ▶ 2110- 24,189

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

Provision for current taxes / cost of current income taxes	2111+	22,928	
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 = 22,928 ▶ 2116+ 22,928

Add/Subtract:

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

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

Amounts relating to amalgamations (fed.s.87) as prescribed in regulations for current/prior years

2123+ or 2124-

Amounts relating to wind-ups (fed.s.88) as prescribed in regulations for current/prior years

2125+ or 2126-

Amounts relating to s.57.10 election/regulations for replacement re fed.s.13(4), 14(6) and 44 for current/prior years

2127+ or 2128-

Interest allowable under ss. 20(1)(c) or (d) of ITA to the extent not otherwise deducted in determining CMT adjusted net income

2150-

Subtotal (Additions) = ▶ 2129+

Subtotal (Subtractions) = ▶ 2130-

Other adjustments 2131±

Subtotal ± 2100 - 2110 + 2116 + 2129 - 2130 ± 2131 2132= 17,970

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= 17,970

Deduct: CMT losses: pre-1994 Loss		From 2210+	
CMT losses: other eligible losses	2211+	17,970	
	=	17,970	▶ 2135- 17,970

CMT Base 2136=

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

Corporate Minimum Tax (CMT)

Part 2: Continuity of CMT Losses Carried Forward

CMT loss continuity by year

Year of origin	Beginning balance	Transfers on amalgamation	Transfers on wind-up	Adjustments	Current year loss	Applied	Ending balance
							Expired
2000/12/31							
2001/12/31	24,533					17,970	6,563
2002/12/31							
2003/12/31	80,107						80,107
2004/12/31	25,882						25,882
2005/12/31							
Totals	130,522					17,970	112,552

Balance at Beginning of year Notes (1), (2)		2201 +	130,522
Add: Current year's losses		2202 +	
Losses from predecessor corporations on amalgamation Note (3)		2203 +	
Losses from predecessor corporations on wind-up Note (3)		2204 +	
Amalgamation (✓) 2205 <input type="checkbox"/> Yes Wind-up (✓) 2206 <input type="checkbox"/> Yes		=	2207 +
Subtotal			2208 ±
Adjustments (attach schedule)			2209 =
CMT losses available 2201 + 2207 ± 2208			130,522
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 +	17,970
Losses expired during the year		2212 +	
Subtotal		=	17,970 2213 -
Balances at End of Year Note (5) 2209 - 2213			2214 =
			112,552

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 acquisitions of control of the corporation has occurred, the utilization of CMT losses can be restricted. (see s.57.5(3) and s.57.5(7))
- (3) Include and indicate whether CMT losses are a result of an amalgamation to which fed.s.87 applies and/or a wind-up to which fed.s.88(1) applies. (see s.57.5(8) and s.57.5(9))
- (4) CMT losses must be used to the extent of the lesser of the adjusted net income **2134** and CMT losses available **2209**.
- (5) Amount in **2214** must equal sum of **2270 + 2290**.

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

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

Year of Origin (oldest year first)	CMT Losses of Corporation	CMT Losses of Predecessor Corporations
2240	2260	2280
2241	2261	2281
2242	2262	2282
2243	2263	2283
2244 2000/12/31	2264	2284
2245 2001/12/31	2265 6,563	2285
2246 2002/12/31	2266	2286
2247 2003/12/31	2267 80,107	2287
2248 2004/12/31	2268 25,882	2288
2249 2005/12/31	2269	2289
Totals	2270 112,552	2290

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

Corporate Minimum Tax (CMT)

Part 4: Continuity of CMT Credit Carryovers

CMT credit continuity by year

Year of origin	Beginning balance	Transfers on amalgamation or wind-up	Adjustments	Current year credit	Applied	Expired	Ending balance
2001/12/31							
2002/12/31							
2003/12/31							
2004/12/31							
2005/12/31							
Totals							

Balance at Beginning of year Note (1) 2301 + _____

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

Gross Special Additional Tax Note (2) 312 on page 5 of CT8.
(Life Insurance corporations only. Others enter NIL.) From 312 + _____

Subtract Income Tax (190 on page 6 of the CT23 or page 4 of the CT8) From 190 - _____

Subtotal (If negative, enter NIL) = _____ ▶ 2305 - _____

Current year's CMT credit (If negative, enter NIL) 280 or 347 - 2305 = _____ ▶ 2310 + _____

CMT Credit Carryovers from predecessor corporations Note (3) 2325 _____
 Amalgamation () 2315 Yes Wind-up () 2320 Yes

Subtotal 2301 + 2310 + 2325 2330 + _____

Adjustments (Attach schedule) 2332 ± _____

CMT Credit Carryover available 2330 ± 2332 2333 = _____
Transfer to Page 8 of the CT23 or page 6 of the CT8

Subtract: CMT credit utilized during the year to reduce income tax (310 on page 8 of the CT23 or 351 on page 6 of the CT8.) From 310 or 351 _____
 CMT Credit expired during the year 2334 + _____

Subtotal = _____ ▶ 2335 - _____

Balance at End of Year Note (4) 2333 - 2335 2336 = _____

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

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

Year of Origin (oldest year first)	CMT Credit Carryovers of Corporation	CMT Credit Carryovers of Predecessor Corporation(s)
2340	2360	2380
2341	2361	2281
2342	2362	2382
2343	2363	2383
2344	2364	2384
2345 2001/12/31	2365	2385
2346 2002/12/31	2366	2386
2347 2003/12/31	2367	2387
2348 2004/12/31	2368	2388
2349 2005/12/31	2369	2389
Totals	2370	2390

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

OS4
Schedule 4

Ontario loss continuity

Part 1 - Non-capital loss

Determination of current-year non-capital loss

Net income (loss) for Ontario tax purposes		368,433
Deduct: (increase a loss)		
Net capital losses deducted in the year (enter a positive amount)		
Taxable dividends deductible under ITA sections 112, 113 or subsection 138(6)		
Amount of Part VI.1 tax deductible		
	Subtotal - if positive, enter "0"	
Deduct: (increase a loss)		
ITA 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 end of preceding taxation year		
Deduct: Non-capital loss expired		
Non-capital losses at beginning of taxation year		
Add: Non-capital losses transferred on an amalgamation or the wind-up of a subsidiary corporation		+
Current-year non-capital loss (from calculation above)		
Deduct - Request to carry back non-capital loss to:		
First preceding taxation year to reduce taxable income		
Second preceding taxation year to reduce taxable income		
Third preceding taxation year to reduce taxable income		
		+
Current-year non-capital loss net of carryback		
	Subtotal	=
Deduct:		
Amount applied against taxable income (enter on line 704 of the CT23)		
Section 80 - adjustments for forgiven amounts		
Other adjustments		
		-
		=
Non-capital losses - Closing balance		

Part 2 - Capital losses

Continuity of capital losses and request for a carryback

			Gross amount
Capital losses at end of preceding taxation year			18,661
Capital losses transferred on an amalgamation or the windup of a subsidiary corporation			+
Current-year capital loss			+
		Subtotal	= 18,661
Add:			
Allowable business investment loss expired as a non-capital loss		X 4/3	+
		Subtotal	= 18,661
Deduct:			
Amount applied against current year capital gain			-
Section 80 adjustments for forgiven amounts			-
Other adjustments			-
		Subtotal	=
Deduct - Request to carry back capital loss to:			
	Loss applied	Inclusion rate	Total
First preceding taxation year		÷ 50.0000 % =	
Second preceding taxation year		÷ 50.0000 % =	
Third preceding taxation year		÷ 50.0000 % =	
		Subtotal	-
			= 18,661
Capital losses - Closing balance			

Ontario loss continuity

Part 3 - Farm loss

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	- _____	
Farm losses at beginning of taxation year	= _____	
Add: Farm losses transferred on an amalgamation or the windup of a subsidiary corporation		+ _____
Current-year farm loss	_____	
Deduct - Request to carry back farm loss to:		
First preceding taxation year to reduce taxable income	_____	
Second preceding taxation year to reduce taxable income	_____	
Third preceding taxation year to reduce taxable income	_____	
	Subtotal	_____
Current-year farm loss net of carryback	_____	+ _____
	Subtotal	= _____
Deduct:		
Amount applied against taxable income (enter on line 724 of the CT23)	_____	
Section 80 - Adjustments for forgiven amounts	_____	
Other adjustments	_____	
		- _____
Farm losses - Closing balance		= _____

Part 4 - Restricted farm loss

Current-year restricted farm loss

Total losses for the year from farming business	_____	A
Minus the deductible farm loss:		
\$2,500 plus B or C, whichever is less	_____	
(Amount A above - \$2,500) divided by 2	B _____	
Maximum	C 6,250	
Deductible farm loss	_____	- _____
Current-year restricted farm loss		_____

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	- _____	
Restricted farm losses at beginning of taxation year	= _____	
Add: Restricted farm losses transferred on an amalgamation or the windup of a subsidiary corporation		+ _____
Current-year restricted farm loss	_____	
Deduct - Request to carry back restricted farm loss to:		
First preceding taxation year to reduce farming income	_____	
Second preceding taxation year to reduce farming income	_____	
Third preceding taxation year to reduce farming income	_____	
Current-year restricted farm loss net of carryback	_____	+ _____
Deduct:		
Amount applied against taxable income (enter on line 734 of the CT23)	_____	
Section 80 - Adjustments for forgiven amounts	_____	
Other adjustments	_____	
		- _____
Restricted farm losses - Closing balance		= _____

Ontario loss continuity

Part 5 - Listed personal property loss

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 losses expired after seven taxation years	_____	
Listed personal property losses at beginning of taxation year	_____	
Current-year listed personal property loss	_____	
Deduct – Request to carry back listed personal property loss to:		
First preceding taxation year to reduce listed personal property gains	_____	
Second preceding taxation year to reduce listed personal property gains	_____	
Third preceding taxation year to reduce listed personal property gains	_____	
Listed personal property losses net of carryback	_____	+
	Subtotal	=
	_____	_____
Deduct:		-
Amount applied against listed personal property gain	_____	_____
Other adjustments	_____	-
	_____	_____
Limited personal property losses - Closing balance	_____	=
	_____	_____

Part 6 – Analysis of balance of losses by year of origin

Year of origin	Non-capital losses *	Farm losses	Restricted farm losses	Listed personal property losses
Total				

* The carryforward period for non-capital losses arising in a taxation year ending after March 22, 2004, is changed from 7 to 10 taxation years.

Part 7 - Continuity of limited partnership losses

Partnership identifier	Losses at end of preceding taxation year	Losses transferred from amalgamation or windup of subsidiary	Current-year limited partnership loss	Limited partnership losses applied	Limited partnership losses closing balance
Total (enter this amount on line 754 of the CT23)					

Corporation's Legal Name Fort Frances Power Corporation	Ontario Corporations Tax Account No. (MOF) 1800090	Taxation Year End 2005/12/31
--	---	---------------------------------

This schedule must be completed in determining the aggregate taxable capital of an associated group and/or partnership that has a permanent establishment (PE) in Canada.

Name of Associated Corporation (Must have a PE in Canada)	Corporations Tax Account No. (MOF) (if applicable)	Taxation Year End	Taxable Capital
Fort Frances Network Services		2005/12/31	
Aggregate of taxable capital			

Transfer to **540** of the CT23