200

Canada Revenue Agency Agence du revenu du Canada

T2 Corporation Income Tax Return

055 **Do not use this area**

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

All legislative references on this return are to the federal Income Tax Act and Income Tax Regulations. This return may contain changes that had not yet become law at the time of publication.

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

For more information see **canada.ca/taxes** or Guide T4012, T2 Corporation – Income Tax Guide.

Identification

Business number (BN) **001** 86360 3726 RC0001

Corporation's name

002 Kitchener-Wilmot Hydro Inc.

Address of head office

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

If **yes**, complete lines 011 to 018.

011 301 Victoria Street South

012

City **015** Kitchener	Province, territory, or state **016** ON
Country (other than Canada) **017**	Postal or ZIP code **018** N2G 4L2

Mailing address (if different from head office address)

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

If **yes**, complete lines 021 to 028.

021 c/o

022

023

City **025**	Province, territory, or state **026**
Country (other than Canada) **027**	Postal or ZIP code **028**

Location of books and records (if different from head office address)

Has this address changed since the last time we were notified? . . . . **030** Yes ☐ No ☒

If **yes**, complete lines 031 to 038.

031

032

City **035**	Province, territory, or state **036**
Country (other than Canada) **037**	Postal or ZIP code **038**

040 **Type of corporation at the end of the tax year** (tick one)

- ☒ 1 Canadian-controlled private corporation (CCPC)
- ☐ 2 Other private corporation
- ☐ 3 Public corporation
- ☐ 4 Corporation controlled by a public corporation
- ☐ 5 Other corporation (specify)

If the type of corporation changed during the tax year, provide the effective date of the change . . . . **043** Year Month Day

To which tax year does this return apply?

Tax year start	Tax year-end
060 Year Month Day 2018-01-01	**061** Year Month Day 2018-12-31

Has there been an acquisition of control resulting in the application of subsection 249(4) since the tax year start on line 060? . . . . **063** Yes ☐ No ☒

If **yes**, provide the date control was acquired . . . . **065** Year Month Day

Is the date on line 061 a deemed tax year-end according to subsection 249(3.1)? . . . . **066** Yes ☐ No ☒

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

Is this the first year of filing after:

Incorporation? . . . . **070** Yes ☐ No ☒

Amalgamation? . . . . **071** Yes ☐ 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 tax year? . . . . **072** Yes ☐ No ☒

If **yes**, complete and attach Schedule 24.

Is this the final tax year before amalgamation? . . . . **076** Yes ☐ No ☒

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

If an election was made under section 261, state the functional currency used **079**

Is the corporation a resident of Canada? **080** Yes ☒ 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** Yes ☐ No ☒

If **yes**, complete and attach Schedule 91.

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

085
- ☐ 1 Exempt under paragraph 149(1)(e) or (l)
- ☐ 2 Exempt under paragraph 149(1)(j)
- ☐ 3 Exempt under paragraph 149(1)(t) (for tax years starting before 2019)
- ☐ 4 Exempt under other paragraphs of section 149

Do not use this area

095 **096** **898**

Attachments

Financial statement information: Use GIFI schedules 100, 125, and 141.
Schedules – Answer the following questions. For each **yes** response, **attach** the schedule to the T2 return, unless otherwise instructed.

		Yes	Schedule
Is the corporation related to any other corporations?	**150**	☒	9
Is the corporation an associated CCPC?	**160**	☒	23
Is the corporation an associated CCPC that is claiming the expenditure limit?	**161**	☐	49
Does the corporation have any non-resident shareholders who own voting shares?	**151**	☐	19
Has the corporation had any transactions, including section 85 transfers, with its shareholders, officers, or employees, other than transactions in the ordinary course of business? Exclude non-arm's length transactions with non-residents	**162**	☐	11
If you answered **yes** to the above question, and the transaction was between corporations not dealing at arm's length, were all or substantially all of the assets of the transferor disposed of to the transferee?	**163**	☐	44
Has the corporation paid any royalties, management fees, or other similar payments to residents of Canada?	**164**	☐	14
Is the corporation claiming a deduction for payments to a type of employee benefit plan?	**165**	☒	15
Is the corporation claiming a loss or deduction from a tax shelter?	**166**	☐	T5004
Is the corporation a member of a partnership for which a partnership account number has been assigned?	**167**	☐	T5013
Did the corporation, a foreign affiliate controlled by the corporation, or any other corporation or trust that did not deal at arm's length with the corporation have a beneficial interest in a non-resident discretionary trust (without reference to section 94)?	**168**	☐	22
Did the corporation own any shares in one or more foreign affiliates in the tax year?	**169**	☐	25
Has the corporation made any payments to non-residents of Canada under subsections 202(1) and/or 105(1) of the Income Tax Regulations?	**170**	☐	29
Did the corporation have a total amount over CAN$1 million of reportable transactions with non-arm's length non-residents?	**171**	☐	T106
For private corporations: Does the corporation have any shareholders who own 10% or more of the corporation's common and/or preferred shares?	**173**	☒	50
Has the corporation made payments to, or received amounts from, a retirement compensation plan arrangement during the year?	**172**	☐	———
Does the corporation earn income from one or more Internet web pages or websites?	**180**	☐	88
Is the net income/loss shown on the financial statements different from the net income/loss for income tax purposes?	**201**	☒	1
Has the corporation made any charitable donations; gifts of cultural or ecological property; or gifts of medicine?	**202**	☒	2
Has the corporation received any dividends or paid any taxable dividends for purposes of the dividend refund?	**203**	☒	3
Is the corporation claiming any type of losses?	**204**	☐	4
Is the corporation claiming a provincial or territorial tax credit or does it have a permanent establishment in more than one jurisdiction?	**205**	☒	5
Has the corporation realized any capital gains or incurred any capital losses during the tax year?	**206**	☐	6
i) Is the corporation a CCPC and reporting a) income or loss from property (other than dividends deductible on line 320 of the T2 return), b) income from a partnership, c) income from a foreign business, d) income from a personal services business, e) income referred to in clause 125(1)(a)(i)(C) or 125(1)(a)(i)(B), f) aggregate investment income as defined in subsection 129(4), or g) an amount assigned to it under subsection 125(3.2) or 125(8); or ii) Is the corporation a member of a partnership and assigning its specified partnership business limit to a designated member under subsection 125(8)?	**207**	☒	7
Does the corporation have any property that is eligible for capital cost allowance?	**208**	☒	8
Does the corporation have any resource-related deductions?	**212**	☐	12
Is the corporation claiming deductible reserves?	**213**	☐	13
Is the corporation claiming a patronage dividend deduction?	**216**	☐	16
Is the corporation a credit union claiming a deduction for allocations in proportion to borrowing or a provincial credit union tax reduction?	**217**	☐	17
Is the corporation an investment corporation or a mutual fund corporation?	**218**	☐	18
Is the corporation carrying on business in Canada as a non-resident corporation?	**220**	☐	20
Is the corporation claiming any federal, provincial, or territorial foreign tax credits, or any federal logging tax credits?	**221**	☐	21
Does the corporation have any Canadian manufacturing and processing profits?	**227**	☐	27
Is the corporation claiming an investment tax credit?	**231**	☒	31
Is the corporation claiming any scientific research and experimental development (SR&ED) expenditures?	**232**	☒	T661
Is the total taxable capital employed in Canada of the corporation and its related corporations over $10,000,000?	**233**	☒	33/34/35
Is the total taxable capital employed in Canada of the corporation and its associated corporations over $10,000,000?	**234**	☒	———
Is the corporation subject to gross Part VI tax on capital of financial institutions?	**238**	☐	38
Is the corporation claiming a Part I tax credit?	**242**	☐	42
Is the corporation subject to Part IV.1 tax on dividends received on taxable preferred shares or Part VI.1 tax on dividends paid?	**243**	☐	43
Is the corporation agreeing to a transfer of the liability for Part VI.1 tax?	**244**	☐	45
Is the corporation subject to Part II – Tobacco Manufacturers' surtax?	**249**	☐	46
For financial institutions: Is the corporation a member of a related group of financial institutions with one or more members subject to gross Part VI tax?	**250**	☐	39
Is the corporation claiming a Canadian film or video production tax credit?	**253**	☐	T1131
Is the corporation claiming a film or video production services tax credit?	**254**	☐	T1177
Is the corporation subject to Part XIII.1 tax? (Show your calculations on a sheet that you identify as Schedule 92.)	**255**	☐	92

Attachments (continued)

		Yes	Schedule
Did the corporation have any foreign affiliates in the tax year?	271	☐	T1134
Did the corporation own or hold specified foreign property where the total cost amount of all such property, at any time in the year, was more than CAN$100,000?	259	☐	T1135
Did the corporation transfer or loan property to a non-resident trust?	260	☐	T1141
Did the corporation receive a distribution from or was it indebted to a non-resident trust in the year?	261	☐	T1142
Has the corporation entered into an agreement to allocate assistance for SR&ED carried out in Canada?	262	☐	T1145
Has the corporation entered into an agreement to transfer qualified expenditures incurred in respect of SR&ED contracts?	263	☐	T1146
Has the corporation entered into an agreement with other associated corporations for salary or wages of specified employees for SR&ED?	264	☐	T1174
Did the corporation pay taxable dividends (other than capital gains dividends) in the tax year?	265	☒	55
Has the corporation made an election under subsection 89(11) not to be a CCPC?	266	☐	T2002
Has the corporation revoked any previous election made under subsection 89(11)?	267	☐	T2002
Did the corporation (CCPC or deposit insurance corporation (DIC)) pay eligible dividends, or did its general rate income pool (GRIP) change in the tax year?	268	☒	53
Did the corporation (other than a CCPC or DIC) pay eligible dividends, or did its low rate income pool (LRIP) change in the tax year?	269	☐	54

Additional information

Did the corporation use the International Financial Reporting Standards (IFRS) when it prepared its financial statements?	270	Yes ☒	No ☐
Is the corporation inactive?	280	Yes ☐	No ☒

What is the corporation's main revenue-generating business activity? 221122 Electric Power Distribution

Specify the principal products mined, manufactured, sold, constructed, or services provided, giving the approximate percentage of the total revenue that each product or service represents.

284	Electricity distribution	285	100.000 %
286		287	%
288		289	%

Did the corporation immigrate to Canada during the tax year?	291	Yes ☐	No ☒
Did the corporation emigrate from Canada during the tax year?	292	Yes ☐	No ☒
Do you want to be considered as a quarterly instalment remitter if you are eligible?	293	Yes ☐	No ☐
If the corporation was eligible to remit instalments on a quarterly basis for part of the tax year, provide the date the corporation ceased to be eligible	294	Year Month Day	
If the corporation's major business activity is construction, did you have any subcontractors during the tax year?	295	Yes ☐	No ☐

Taxable income

Net income or (loss) for income tax purposes from Schedule 1, financial statements, or GIFI			300	7,643,711 A
Deduct:				
Charitable donations from Schedule 2	311	3,300		
Cultural gifts from Schedule 2	313			
Ecological gifts from Schedule 2	314			
Gifts of medicine made before March 22, 2017, from Schedule 2	315			
Taxable dividends deductible under section 112 or 113, or subsection 138(6) from Schedule 3	320			
Part VI.1 tax deduction*	325			
Non-capital losses of previous tax years from Schedule 4	331			
Net capital losses of previous tax years from Schedule 4	332			
Restricted farm losses of previous tax years from Schedule 4	333			
Farm losses of previous tax years from Schedule 4	334			
Limited partnership losses of previous tax years from Schedule 4	335			
Taxable capital gains or taxable dividends allocated from a central credit union	340			
Prospector's and grubstaker's shares	350			
Subtotal		3,300 ▶		3,300 B
Subtotal (amount A **minus** amount B) (if negative, enter "0")				7,640,411 C
Section 110.5 additions or subparagraph 115(1)(a)(vii) additions			355	D
Taxable income (amount C **plus** amount D)			360	7,640,411
Income exempt under paragraph 149(1)(t) (for tax years starting before 2019)			370	
Taxable income for a corporation with exempt income under paragraph 149(1)(t) (line 360 **minus** line 370)				7,640,411 Z
Taxable income for the year from a personal services business				Z.1

* This amount is equal to 3.5 times the Part VI.1 tax payable at line 724 on page 9.

Small business deduction

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

Income eligible for the small business deduction from Schedule 7 . . . . **400** 7,152,110 A

Taxable income from line 360 on page 3, **minus** 100/28 (3.57143) of the amount on line 632* on page 8, **minus** 4 times the amount on line 636** on page 8, and **minus** any amount that, because of federal law, is exempt from Part I tax . . . . **405** 7,640,411 B

Business limit (see notes 1 and 2 below) . . . . **410** 500,000 C

Notes:

1. For CCPCs that are not associated, enter $ 500,000 on line 410. However, if the corporation's tax year is less than 51 weeks, prorate this amount by the number of days in the tax year **divided** by 365, and enter the result on line 410.
2. For associated CCPCs, use Schedule 23 to calculate the amount to be entered on line 410.

Business limit reduction

Taxable capital business limit reduction

Amount C 500,000 x **415** *** 591,637 D / 11,250 = ... 26,294,978 E

Passive income business limit reduction

Adjusted aggregate investment income from Schedule 7**** . **417** ________ – 50,000 = . . ________ F

Amount C 500,000 / 100,000 x Amount F ________ = ... ________ G

Subtotal (the greater of amount E and amount G) **422** 26,294,978 H

Reduced business limit for tax years starting before 2019 (amount C **minus** amount E) (if negative, enter "0") . . . . **425** ________ I

Reduced business limit for tax years starting after 2018 (amount C **minus** amount H) (if negative, enter "0") . . . . **426** ________ J

Business limit the CCPC assigns under subsection 125(3.2) (from line 515 on page 5) . . . . ________ K

Reduced business limit after assignment for tax years starting before 2019 (amount I **minus** amount K) . . . . **427** ________ L

Reduced business limit after assignment for tax years starting after 2018 (amount J **minus** amount K) . . . . **428** ________ M

Small business deduction

Tax years starting before 2019

Amount A, B, C, or L, whichever is the least ________ x Number of days in the tax year before January 1, 2018 ________ / Number of days in the tax year 365 x 17.5 % = ________ 1

Amount A, B, C, or L, whichever is the least ________ x Number of days in the tax year after December 31, 2017, and before January 1, 2019 365 / Number of days in the tax year 365 x 18 % = ________ 2

Amount A, B, C, or L, whichever is the least ________ x Number of days in the tax year after December 31, 2018 ________ / Number of days in the tax year 365 x 19 % = ________ 3

Tax years starting after 2018

Amount A, B, C, or M, whichever is the least . . . . ________ . . . . x 19 % = ________ 4

Small business deduction (total of amounts 1 to 4) . . . . **430** ________ N

Enter amount N at amount J on page 8.

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

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

*** **Large corporations**

- If the corporation is not associated with any corporations in both the current and previous tax years, the amount to be entered on line 415 is: (total taxable capital employed in Canada for the **prior** year **minus** $10,000,000) x 0.225%.
- If the corporation is not associated with any corporations in the current tax year, but was associated in the previous tax year, the amount to be entered on line 415 is: (total taxable capital employed in Canada for the **current** year **minus** $10,000,000) x 0.225%.
- For corporations associated in the current tax year, see Schedule 23 for the special rules that apply.

**** Enter the total adjusted aggregate investment income of the corporation and all associated corporations. For the first tax year starting after 2018, use the total of lines 744 of Schedule 7. Otherwise, use the total of lines 745 of the preceding tax year.

Small business deduction (continued)

Specified corporate income and assignment under subsection 125(3.2)

	O1 Name of corporation receiving the income and assigned amount	O Business number of the corporation receiving the assigned amount **490**	P Income paid under clause 125(1)(a)(i)(B) to the corporation identified in column O [3] **500**	Q Business limit assigned to corporation identified in column O [4] **505**
1.				

Total **510** ______ Total **515** ______

Notes:

3. This amount is [as defined in subsection 125(7) **specified corporate income** (a)(i)] the total of all amounts each of which is income from an active business of the corporation for the year from the provision of services or property to a private corporation (directly or indirectly, in any manner whatever) if
(A) at any time in the year, the corporation (or one of its shareholders) or a person who does not deal at arm's length with the corporation (or one of its shareholders) holds a direct or indirect interest in the private corporation, and
(B) it is not the case that all or substantially all of the corporation's income for the year from an active business is from the provision of services or property to
   (I) persons (other than the private corporation) with which the corporation deals at arm's length, or
   (II) partnerships with which the corporation deals at arm's length, other than a partnership in which a person that does not deal at arm's length with the corporation holds a direct or indirect interest.
4. The amount of the business limit you assign to a CCPC cannot be greater than the amount determined by the formula A – B, where A is the amount of income referred to in column P in respect of that CCPC and B is the portion of the amount described in A that is deductible by you in respect of the amount of income referred to in clauses 125(1)(a)(i)(A) or (B) for the year. The amount on line 515 cannot be greater than the amount on line 425 (426 for tax years starting after 2018).

General tax reduction for Canadian-controlled private corporations

Canadian-controlled private corporations throughout the tax year

Taxable income from page 3 (line 360 or amount Z, whichever applies)		7,640,411	A
Lesser of amounts 9B and 9H from Part 9 of Schedule 27		B	
Amount 13K from Part 13 of Schedule 27		C	
Personal services business income **432**		D	
Amount from line 400, 405, 410, or 427 (428 instead of 427 for tax years starting after 2018) on page 4, whichever is the least		E	
Aggregate investment income from line 440 on page 6*	491,601	F	
Subtotal (**add** amounts B to F)	491,601 ▶	491,601	G
Amount A **minus** amount G (if negative, enter "0")		7,148,810	H
General tax reduction for Canadian-controlled private corporations – Amount H **multiplied** by 13 %		929,345	I

Enter amount I on line 638 on page 8.

* Except for a corporation that is, throughout the year, a cooperative corporation (within the meaning assigned by subsection 136(2)) or a credit union.

General tax reduction

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

Taxable income from page 3 (line 360 or amount Z, whichever applies)			J
Lesser of amounts 9B and 9H from Part 9 of Schedule 27		K	
Amount 13K from Part 13 of Schedule 27		L	
Personal services business income **434**		M	
Subtotal (**add** amounts K to M)	▶		N
Amount J **minus** amount N (if negative, enter "0")			O
General tax reduction – Amount O **multiplied** by 13 %			P

Enter amount P on line 639 on page 8.

Refundable portion of Part I tax

Canadian-controlled private corporations throughout the tax year

Aggregate investment income from Schedule 7 . . . . **440** 491,601 x 30 2 / 3 % = ... 150,758 A

Foreign non-business income tax credit from line 632 on page 8 . . . . ______ B

Foreign investment income from Schedule 7 . . . . **445** ______ x 8 % = ______ C

Subtotal (amount B **minus** amount C) (if negative, enter "0") ______ ▶ ______ D

Amount A **minus** amount D (if negative, enter "0") . . . . 150,758 E

Taxable income from line 360 on page 3 . . . . 7,640,411 F

Amount from line 400, 405, 410, or 427 (428 instead of 427 for tax years starting after 2018) on page 4, whichever is the least . . . . ______ G

Foreign non-business income tax credit from line 632 on page 8 . . . . ______ x 75 / 29 = ______ H

Foreign business income tax credit from line 636 on page 8 . . ______ x 4 = ______ I

Subtotal (**add** amounts G to I) ______ ▶ ______ J

Subtotal (amount F **minus** amount J) (if negative, enter "0") 7,640,411 K x 30 2 / 3 % = 2,343,059 L

Part I tax payable minus investment tax credit refund (line 700 **minus** line 780 from page 9) . . . . 1,242,610 M

Refundable portion of Part I tax – Amount E, L, or M, whichever is the least . . . . **450** 150,758 N

Refundable dividend tax on hand (for tax years starting before 2019)

Refundable dividend tax on hand at the end of the previous tax year **460** 91,037

Dividend refund for the previous tax year **465** 91,037

Subtotal (line 460 **minus** line 465) ______ ▶ ______ O

Refundable portion of Part I tax from line 450 above . . . . 150,758 P

Total Part IV tax payable from Schedule 3 . . . . ______ Q

Net refundable dividend tax on hand transferred on an amalgamation or the wind-up of a subsidiary . . . . **480** ______

Subtotal (amount P **plus** amount Q **plus** line 480) 150,758 ▶ 150,758 R

Refundable dividend tax on hand at the end of the tax year – Amount O **plus** amount R **485** 150,758

Dividend refund (for tax years starting before 2019)

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

Taxable dividends paid in the tax year from line 460 on page 3 of Schedule 3 . . . . . . 5,570,800 x 38 1 / 3 % = 2,135,473 S

Refundable dividend tax on hand at the end of the tax year from line 485 above . . . . 150,758 T

Dividend refund – Amount S or T, whichever is less . . . . 150,758 U

Enter amount U on line 784 on page 9.

Refundable dividend tax on hand (for tax years starting after 2018)

Refundable dividend tax on hand (RDTOH) at the end of the previous tax year **460**

Dividend refund for the previous tax year **465**

Net RDTOH transferred on an amalgamation or the wind-up of a subsidiary **480**

Subtotal (line 460 **minus** line 465**plus** line 480) A

General rate income pool (GRIP) at the end of the previous tax year (from line 100 of schedule 53) . . . . B

Total eligible dividends paid in the previous tax year (from line 300 of schedule 53) C

Total excessive eligible dividend designation in the previous tax year (from line 310 of Schedule 53) . . D

Subtotal (amount C **minus** amount D) (if negative, enter "0") ▶ E

Net GRIP at the end of the previous tax year (amount B **minus** amount E) (if negative, enter "0") . . . . F

GRIP transferred on an amalgamation or the wind-up of a subsidiary
(total of lines 230 and 240 of schedule 53) . . . . G

Subtotal (amount F **plus** amount G) ▶ H

Amount H **multiplied** by 38 1 / 3 % I

Eligible refundable dividend tax on hand (ERDTOH) at the end of the previous tax year (for the first tax year starting after 2018, amount A or I, whichever is less, otherwise, use line 530 ________ of the preceding tax year) . . . . **520** J

Non-eligible refundable dividend tax on hand (NERDTOH) at the end of the previous tax year (for the first tax year starting after 2018, amount A **minus** amount I, otherwise, use line 545 ________ of the preceding tax year) (if negative, enter "0") **535** K

Part IV tax payable on taxable dividends from connected corporations (amount 2G from Schedule 3) . . L

Part IV tax payable on eligible dividends from non-connected corporations (amount 2J from Schedule 3) M

Subtotal (amount L **plus** amount M) ▶ N

Net ERDTOH transferred on an amalgamation or the wind-up of a subsidiary . . . . **525** O

ERDTOH dividend refund for the previous tax year . . . . **570** P

Refundable portion of Part I tax (from line 450 on page 6) . . . . 150,758 Q

Part IV tax before deductions (amount 2A from Schedule 3) . . . . R

Part IV tax allocated to ERDTOH (amount N) . . . . S

Part IV tax reduction due to Part IV.1 tax payable (amount 4D of Schedule 43) . . . . T

Subtotal (amount R **minus** total of amounts S and T) ▶ U

Net NERDTOH transferred on an amalgamation or the wind-up of a subsidiary . . . . **540** V

NERDTOH dividend refund for the previous tax year . . . . **575** W

38 1/3% of the total losses applied against Part IV tax (amount 2D from Schedule 3) X

Part IV tax payable allocated to NERDTOH, net of losses claimed (amount U **minus** amount X) (if negative enter “0”) . . . . . . Y

NERDTOH at the end of the tax year* (total of amounts K, Q, V, and Y **minus** amount W) (if negative, enter "0") **545**

Part IV tax payable allocated to ERDTOH, net of losses claimed (amount N **minus** amount X **plus** amount U, if amount X is greater than amount U, otherwise, amount N.) (if negative, enter "0") . . . . Z

ERDTOH at the end of the tax year* (total of amounts J, O, and Z **minus** amount P) (if negative, enter "0") **530**

* For more information, consult the Help (F1).

Dividend refund (for tax years starting after 2018)

38 1/3% of total eligible dividends paid in the tax year (amount 3A from Schedule 3) . . . . AA

ERDTOH balance at the end of the tax year (line 530) . . . . BB

Eligible dividend refund (amount AA or BB, whichever is less) CC

38 1/3% of total non-eligible taxable dividends paid in the tax year (amount 3B from Schedule 3) . . . . DD

NERDTOH balance at the end of the tax year (line 545) . . . . EE

Non-eligible dividend refund (amount DD or EE, whichever is less) . . . . FF

Amount DD **minus** amount EE (if negative, enter "0") . . . . GG

Amount BB **minus** amount CC (if negative, enter "0") . . . . HH

Additional non-eligible dividend refund (amount GG or HH, whichever is less) II

Dividend refund* – Amount CC **plus** amount FF **plus** amount II . . . . JJ

Enter amount JJ on line 784 on page 9.

* For more information, consult the Help (F1).

Part I tax

Base amount Part I tax – Taxable income from page 3 (line 360 or amount Z, whichever applies) **multiplied** by 38 %							550	2,903,356	A
Additional tax on personal services business income (section 123.5)									
Taxable income from a personal services business	555		x 5 % =				560		B
Recapture of investment tax credit from Schedule 31							602		C
Calculation for the refundable tax on the Canadian-controlled private corporation's (CCPC) investment income (if it was a CCPC throughout the tax year)									
Aggregate investment income from line 440 on page 6					491,601	D			
Taxable income from line 360 on page 3		7,640,411	E						
Deduct: Amount from line 400, 405, 410, or 427 (428 instead of 427 for tax years starting after 2018) on page 4, whichever is the least			F						
Net amount (amount E **minus** amount F)		7,640,411	▶		7,640,411	G			
Refundable tax on CCPC's investment income – 10 2 / 3 % of whichever is less: amount D or amount G							604	52,437	H
Subtotal (**add** amounts A, B, C, and H)								2,955,793	I
Deduct:									
Small business deduction from line 430 on page 4						J			
Federal tax abatement				608	764,041				
Manufacturing and processing profits deduction from Schedule 27				616					
Investment corporation deduction				620					
Taxed capital gains	624								
Federal foreign non-business income tax credit from Schedule 21				632					
Federal foreign business income tax credit from Schedule 21				636					
General tax reduction for CCPCs from amount I on page 5				638	929,345				
General tax reduction from amount P on page 5				639					
Federal logging tax credit from Schedule 21				640					
Eligible Canadian bank deduction under section 125.21				641					
Federal qualifying environmental trust tax credit				648					
Investment tax credit from Schedule 31				652	19,797				
Subtotal					1,713,183	▶		1,713,183	K
Part I tax payable – Amount I **minus** amount K								1,242,610	L

Enter amount L on line 700 on page 9.

Privacy statement

Personal information is collected under the Income Tax Act to administer tax, benefits, and related programs. It may also be used for any purpose related to the enforcement of the Act such as audit, compliance and collections activities. It may be shared or verified with other federal, provincial, territorial or foreign government institutions to the extent authorized by law. Failure to provide this information may result in interest payable, penalties or other actions. Under the Privacy Act, individuals have the right to access, or request correction of, their personal information, or to file a complaint with the Privacy Commissioner of Canada regarding the handling of their personal information. Refer to Personal Information Bank CRA PPU 047 at **canada.ca/cra-info-source**.

Summary of tax and credits

Federal tax

Part I tax payable from amount L on page 8	700	1,242,610	
Part II surtax payable from Schedule 46	708		
Part III.1 tax payable from Schedule 55	710		
Part IV tax payable from Schedule 3	712		
Part IV.1 tax payable from Schedule 43	716		
Part VI tax payable from Schedule 38	720		
Part VI.1 tax payable from Schedule 43	724		
Part XIII.1 tax payable from Schedule 92	727		
Part XIV tax payable from Schedule 20	728		
Total federal tax		1,242,610	

Add provincial or territorial tax:

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

Net provincial or territorial tax payable (except Quebec and Alberta)	760	828,295	
Total tax payable	770	2,070,905	A

Deduct other credits:

Investment tax credit refund from Schedule 31	780		
Dividend refund from amount U on page 6 or JJ on page 7	784	150,758	
Federal capital gains refund from Schedule 18	788		
Federal qualifying environmental trust tax credit refund	792		
Canadian film or video production tax credit (Form T1131)	796		
Film or video production services tax credit (Form T1177)	797		
Tax withheld at source	800		
Total payments on which tax has been withheld	801		
Provincial and territorial capital gains refund from Schedule 18	808		
Provincial and territorial refundable tax credits from Schedule 5	812		
Tax instalments paid	840	2,114,908	
Labour tax credit for qualifying journalism organizations			
Total credits	890	2,265,666 ▶ 2,265,666	B
Balance (amount A **minus** amount B)		-194,761	

Refund code **894** 1 Refund 194,761 ◀

If the result is negative, you have a **refund**.
If the result is positive, you have a **balance owing**.
Enter the amount on whichever line applies.
Generally, we do not charge or refund a difference of $2 or less.

Balance owing

For information on how to make your payment, go to **canada.ca/payments**.

Direct deposit request

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

☐ Start ☐ Change information

910 Branch number

914 Institution number

918 Account number

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

If this return was prepared by a tax preparer for a fee, provide their EFILE number **920** A6698

PREPARED SOLELY FOR INCOME TAX PURPOSES WITHOUT AUDIT OR REVIEW FROM INFORMATION PROVIDED BY THE TAXPAYER.

Certification

I, **950** Nanninga (Last name) **951** Margaret (First name) **954** Vice-President Finance & CFO (Position, office, or rank),

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

955 2019-06-26
Date (yyyy/mm/dd)

Signature of the authorized signing officer of the corporation

956 (519) 749-6177
Telephone number

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

958
Name of other authorized person

959
Telephone number

Language of correspondence – Langue de correspondance

Indicate your language of correspondence by entering **1** for English or **2** for French.
Indiquez votre langue de correspondance en inscrivant **1** pour anglais ou **2** pour français. **990** 1

Kitchener-Wilmot Hydro Inc.
BN: 86360 3726 RC0001
Regulation 1101(5b.1) Election
Taxation period end: December 31, 2018

The taxpayer hereby elects pursuant to subsection 1101(5b.1) of the Income Tax Regulations of Canada, to include each eligible non-residential building acquired during the year in a separate prescribed class.

Financial Statements of

Kitchener-Wilmot Hydro Inc.

Year ended December 31, 2018
(Expressed in thousands of dollars)

KPMG LLP
115 King Street South
2nd Floor
Waterloo ON N2J 5A3 Canada
Tel 519-747-8800
Fax 519-747-8830

INDEPENDENT AUDITORS' REPORT

To the Shareholder of Kitchener-Wilmot Hydro Inc.

Opinion

We have audited the financial statements of Kitchener-Wilmot Hydro Inc. (the Entity), which comprise:

- the statement of financial position as at December 31, 2018
- the statement of comprehensive income for the year then ended
- the statement of changes in equity for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as December 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Waterloo, Canada

March 22, 2019

KITCHENER-WILMOT HYDRO INC.

Statement of Financial Position

As at December 31, 2018, with comparative information for 2017
(Expressed in thousands of dollars)

	Note	**2018**	**2017**
Assets			
Current assets			
Cash	4	$ 21,488	$ 28,765
Accounts receivable	5	18,532	18,167
Unbilled revenue		22,122	21,854
Inventory	6	1,949	2,209
Prepaid expenses		1,045	810
Total current assets		65,136	71,805
Non-current assets:			
Property, plant and equipment	7	245,229	234,215
Intangible assets	8	716	890
Total non-current assets		245,945	235,105
Total assets		311,081	306,910
Regulatory deferral account debit balances	10	7,366	10,073
Total assets and regulatory assets		$ 318,447	$ 316,983

KITCHENER-WILMOT HYDRO INC.

Statement of Financial Position

Year ended December 31, 2018, with comparative information for 2017
(Expressed in thousands of dollars)

	Note	2018	2017
Liabilities and Shareholder's Equity			
Current liabilities:			
Accounts payable and accrued liabilities		$ 22,655	$ 26,031
Income taxes payable		449	336
Current portion of long-term debt	11	1,176	1,127
Current portion customer deposits	13	8,123	8,638
Current portion of deferred revenue		855	732
Total current liabilities		33,258	36,864
Non-current liabilities:			
Long-term debt	11	77,569	78,745
Employee future benefits	12	5,305	5,213
Long-term customer deposits	13	6,136	5,886
Deferred revenue		32,910	29,118
Deferred tax liability	9	2,021	1,535
Total non-current liabilities		123,941	120,497
Total liabilities		157,199	157,361
Shareholder's equity:			
Share capital - common shares	14	63,689	63,689
Retained earnings		89,600	84,086
Accumulated other comprehensive loss		(278)	(278)
Total shareholder's equity		153,011	147,497
Total liabilities and shareholder's equity		310,210	304,858
Regulatory deferral account credit balances	10	6,950	11,021
Deferred taxes associated with regulatory accounts		1,287	1,104
Total equity, liabilities and shareholder's equity		$ 318,447	$ 316,983

The accompanying notes are an integral part of these financial statements.

On behalf of the Board:

___________________________ Director ___________________________ Director

KITCHENER-WILMOT HYDRO INC.

Statement of Comprehensive Income

Year ended December 31, 2018, with comparative information for 2017
(Expressed in thousands of dollars)

	Note	2018	2017
Energy sales		$ 197,253	$ 204,010
Cost of energy sold		194,142	204,075
		3,111	(65)
Other operating revenue			
Distribution revenue		38,354	40,506
Other income	15	2,353	2,297
Net operating revenue		43,818	42,738
Expenses:			
Operations and maintenance		11,373	10,205
Customer services		4,544	4,230
Administration		4,086	4,130
Amortization		9,104	8,552
		29,107	27,117
Other			
Energy conservation program revenue		(4,971)	(3,523)
Energy conservation program expense		3,674	3,523
Net energy conservation programs		(1,297)	-
Finance income	16	(492)	(297)
Finance charges	16	4,119	4,109
Net finance costs		3,627	3,812
Income before income taxes		12,381	11,809
Income tax expense	9	1,935	1,828
Income for the year before movements in regulatory deferral account balances and OCI		10,446	9,981
Net movement in regulatory deferral account balances related to profit or loss and the related deferred tax movement	10	639	229
Other comprehensive loss	12	-	(33)
Total comprehensive income for the year		$ 11,085	$ 10,177

The accompanying notes are an integral part of these financial statements.

KITCHENER-WILMOT HYDRO INC.

Statement of Changes in Equity

Year ended December 31, 2018, with comparative information for 2017
(In thousands of Canadian dollars)

	Share capital	Accumulated other comprehensive income (loss)	Retained earnings	Total
Balance at January 1, 2017	$ 63,689	$ (245)	$ 78,071	$ 141,515
Net income before OCI			10,210	10,210
Other comprehensive income		(33)	-	(33)
Dividends			(4,195)	(4,195)
Balance at December 31, 2017	63,689	(278)	84,086	147,497
Net income before OCI		-	11,085	11,085
Dividends		-	(5,571)	(5,571)
Balance at December 31, 2018	$ 63,689	$ (278)	$ 89,600	$ 153,011

The accompanying notes are an integral part of these financial statements.

KITCHENER-WILMOT HYDRO INC.

Statement of Cash Flows

Year ended December 31, 2018, with comparative information for 2017
(Expressed in thousands of dollars)

	2018	2017
Cash flows from operating activities:		
Total comprehensive income for the year	$ 11,085	$ 10,177
Adjustments to reconcile net income to cash provided by (used in) operations:		
Amortization	9,789	9,252
Amortization of deferred revenue	(782)	(658)
Gain on disposal of property, plant and equipment	(128)	(29)
Income tax expense	1,935	1,828
Income taxes paid	(1,798)	(1,699)
Increase in employee future benefits	92	178
	20,193	19,049
Change in non-cash operating working capital:		
Accounts receivable	(365)	5,596
Unbilled revenue	(268)	5,735
Inventory	260	655
Prepaid expenses	(235)	136
Accounts payable and accrued liabilities	(3,376)	(2,567)
Other current liabilities	(392)	194
Change in regulatory assets	2,707	(5,445)
Change in regulatory liabilities	(3,912)	1,817
Change in deferred tax	486	3,427
Net cash from operating activities	15,098	28,597
Cash flows from investing activities:		
Proceeds on disposals of property, plant and equipment	136	29
Purchase of property, plant and equipment	(20,361)	(20,888)
Purchase of intangible assets	(276)	(136)
Net cash used in investing activities	(20,501)	(20,995)
Cash flows from financing activities:		
Net change in customer deposits	250	315
Dividends paid out	(5,571)	(4,195)
Change in contributed capital received	4,574	6,004
Repayment of long-term debt	(1,127)	(1,080)
Net cash from financing activities	(1,874)	1,044
Change in cash and cash equivalents	(7,277)	8,646
Cash and cash equivalents, beginning of year	28,765	20,119
Cash and cash equivalents, end of year	$ 21,488	$ 28,765

The accompanying notes are an integral part of these financial statements.

1. Reporting entity:

Kitchener-Wilmot Hydro Inc. (the “Corporation”) is a rate regulated, municipally owned hydro distribution company incorporated under the laws of Ontario, Canada. The Corporation is located in the City of Kitchener. The address of the Corporation’s registered office is 301 Victoria Street South, Kitchener, Ontario, Canada.

The Corporation delivers electricity and related energy services to residential and commercial customers in the City of Kitchener and the Township of Wilmot. The Corporation is wholly owned by Kitchener Power Corporation, which is itself wholly owned by the Corporation of the City of Kitchener and the Corporation of the Township of Wilmot.

The financial statements are for the Corporation as at and for the year ended December 31, 2018.

2. Basis of presentation:

(a) Statement of compliance:

The Corporation's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The financial statements were approved by the Board of Directors on March 22, 2019.

(b) Basis of measurement:

The financial statements have been prepared on the historical cost basis except for the following:

(i) Where held, financial instruments at fair value through profit or loss, including those held for trading, are measured at fair value.

(ii) Contributed assets are initially measured at fair value.

The methods used to measure fair values are discussed further in note 22.

(c) Functional and presentation currency:

These financial statements are presented in Canadian dollars, which is the Corporation's functional currency. All financial information presented in Canadian dollars has been rounded to the nearest thousand.

(d) Use of estimates and judgments:

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and liabilities. Actual results may differ from those estimates.

2. Basis of presentation (continued):

(d) Use of estimates and judgments (continued):

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in these financial statements is included in the following notes:

i) Note 7 – Property, plant and equipment
ii) Note 9 – Deferred tax assets
iii) Note 12 – Employee future benefits
iv) Note 17 – Commitments and contingencies
v) Note 3(b) – Determination of the performance obligation for contributions from customers and the related amortization period

(e) Rate regulation:

The Corporation is regulated by the Ontario Energy Board (“OEB”), under the authority granted by the *Ontario Energy Board Act, 1998*. Among other things, the OEB has the power and responsibility to approve or set rates for the transmission and distribution of electricity, providing continued rate protection for electricity consumers in Ontario, and ensuring that transmission and distribution companies fulfill obligations to connect and service customers. The OEB may also prescribe license requirements and conditions of service to local distribution companies (“LDCs”), such as the Corporation, which may include, among other things, record keeping, regulatory accounting principles, separation of accounts for distinct businesses, and filing and process requirements for rate setting purposes.

The Corporation is required to bill customers for the debt retirement charge set by the province. The Corporation may file to recover uncollected debt retirement charges from Ontario Electricity Financial Corporation (“OEFC”) once each year.

Rate setting:

Distribution revenue and electricity rates

The OEB sets electricity prices for low-volume consumers based on an estimate of how much it will cost to supply the province with electricity for the next year. All low volume customers without a contract with an energy retailer are charged the OEB mandated rate for electricity. If a customer (regardless of volume) has a retailer agreement, then retailer rates are charged instead. All remaining consumers pay the market price for electricity. The Corporation is billed for the cost of the electricity that its customers use and passes this cost on to the customer at cost without a mark-up.

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2. Basis of presentation (continued):

(e) Rate regulation (continued):

For the distribution revenue included in electricity sales, the Corporation files a “Cost of Service” (“COS”) rate application with the OEB every five years where rates are determined through a review of the forecasted annual amount of operating and capital expenses, debt and shareholder’s equity required to support the Corporation’s business. The Corporation estimates electricity usage and the costs to service each customer class to determine the appropriate rates to be charged to each customer class. The COS application is reviewed by the OEB and intervenors and rates are approved based upon this review, including any revisions resulting from that review.

In the intervening years an Incentive Rate Mechanism application (“IRM”) is filed. An IRM application results in a formulaic adjustment to distribution rates that were set under the last COS application. The previous year’s rates are adjusted for the annual change in the Gross Domestic Product Implicit Price Inflator for Final Domestic Demand (“GDP IPI-FDD”) net of a productivity factor and a “stretch factor” determined by the relative efficiency of an electricity distributor.

As a licensed distributor, the Corporation is responsible for billing customers for electricity generated by third parties and the related costs of providing electricity service, such as transmission services and other services provided by third parties. The Corporation is required, pursuant to regulation, to remit such amounts to these third parties, irrespective of whether the Corporation ultimately collects these amounts from customers.

The Corporation last filed a COS application on June 21, 2013 for rates effective January 1, 2014 to December 31, 2014. The GDP IPI-FDD for 2018 is 1.2%, the Corporation’s productivity factor is 0% and the stretch factor is 0.15%, resulting in a net adjustment of 1.05% to the previous year’s rates.

3. Significant accounting policies:

The accounting policies set out below have been applied consistently in all years presented in these financial statements unless otherwise indicated.

(a) Financial instruments:

At initial recognition, the Company measures its financial assets at fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Subsequent measurement of the financial asset depends on the classification determined on initial recognition. Financial assets are classified as either amortized cost, fair value through other comprehensive income or fair value through profit or loss, depending on its business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Financial assets are not reclassified subsequent to their initial recognition, unless the Company changes its business model for managing financial assets.

Financial liabilities are initially measured at fair value, net of transaction costs incurred. They are subsequently carried at amortized cost using the effective interest rate method; any difference between the proceeds (net of transaction costs) and the redemption value is recognized as an adjustment to interest expense over the period of the borrowings.

The Corporation has not entered into derivative instruments.

Hedge accounting has not been used in the preparation of these financial statements.

Cash equivalents include short-term investments with maturities of three months or less when purchased.

(b) Revenue recognition:

Sale and distribution of electricity

The performance obligations for the sale and distribution of electricity are recognized over time using an output method to measure the satisfaction of the performance obligation. The value of the electricity services transferred to the customer is determined on the basis of cyclical meter readings plus estimated customer usage since the last meter reading date to the end of the year and represents the amount that the Corporation has the right to bill. Revenue includes the cost of electricity supplied, distribution, and any other regulatory charges. The related cost of power is recorded on the basis of power used.

For customer billings related to electricity generated by third parties and the related costs of providing electricity service, such as transmission services and other services provided by third parties, the Corporation has determined that it is acting as a principal for these electricity charges and, therefore, has presented electricity revenue on a gross basis.

Customer billings for debt retirement charges are recorded on a net basis as the Corporation is acting as an agent for this billing stream.

3. Significant accounting policies (continued):

(b) Revenue recognition (continued):

Capital contributions

Developers are required to contribute towards the capital cost of construction of distribution assets in order to provide ongoing service. The developer is not a customer and therefore the contributions are scoped out of IFRS 15 *Revenue from Contracts with Customers*. Cash contributions, received from developers are recorded as deferred revenue. When an asset other than cash is received as a capital contribution, the asset is initially recognized at its fair value, with a corresponding amount recognized as deferred revenue. The deferred revenue, which represents the Corporation's obligation to continue to provide the customers access to the supply of electricity, is amortized to income on a straight-line basis over the useful life of the related asset.

Certain customers are also required to contribute towards the capital cost of construction of distribution assets in order to provide ongoing service. These contributions fall within the scope of IFRS 15 *Revenue from Contracts with Customers*. The contributions are received to obtain a connection to the distribution system in order receive ongoing access to electricity. The Corporation has concluded that the performance obligation is the supply of electricity over the life of the relationship with the customer which is satisfied over time as the customer receives and consumes the electricity. Revenue is recognized on a straight-line basis over the useful life of the related asset.

Other revenue

Revenue earned from the provision of services is recognized as the service is rendered.

Government grants and the related performance incentive payments under CDM programs are recognized as revenue in the year when there is reasonable assurance that the program conditions have been satisfied and the payment will be received.

(c) Inventory:

Inventory, comprising material and supplies, the majority of which is consumed by the Corporation in the provision of its services, is valued at the lower of cost and net realizable value, with cost being determined on a weighted average cost basis, and includes expenditures incurred in acquiring the material and supplies and other costs incurred in bringing them to their existing location and condition.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated selling expenses.

(d) Property, plant and equipment:

Items of property, plant and equipment (“PP&E”) used in rate-regulated activities and acquired prior to January 1, 2014 are measured at deemed cost established on the transition date, less accumulated depreciation. All other items of PP&E are measured at cost, or, where the item is transferred from customers, its fair value, less accumulated depreciation. Consistent with IFRS 1, the Corporation elected to use the carrying amount as previously

3. Significant accounting policies (continued):

(d) Property, plant and equipment (continued):

determined under Canadian GAAP as the deemed cost at January 1, 2014, the transition date to IFRS

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct labour, and any other costs directly attributable to bringing the asset to a working condition for its intended use.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on the disposal of an item of PP&E are determined by comparing the proceeds from disposal, if any, with the carrying amount of the item of PP&E and are recognized net within other income in profit or loss.

Major spare parts and standby equipment are recognized as items of PP&E.

The cost of replacing a part of an item of property, plant and equipment is recognized in the net book value of the item if it is probable that the future economic benefits embodied within the part will flow to the Corporation and its cost can be measured reliably. In this event, the replaced part of property, plant and equipment is written off, and the related gain or loss is included in profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

Depreciation is calculated over the depreciable amount and is recognized in profit or loss on a straight-line basis over the estimated useful life of each part or component of an item of property, plant and equipment. The depreciable amount is cost. Land is not depreciated. Construction-in-progress assets are not amortized until the projects are complete and in service.

The estimated useful lives are as follows:

Buildings	**20-50 years**
Transformer station equipment	**15-50 years**
Distribution station equipment	**15-50 years**
Distribution system	**25-60 years**
Meters	**15-25 years**
SCADA equipment	**15 years**
Other capital assets	**3-10 years**

Depreciation methods, useful lives, and residual values are reviewed at each reporting date and adjusted prospectively if appropriate.

3. **Significant accounting policies (continued):**

(e) Intangible assets

(i) Computer software:

Computer software that is acquired or developed by the Corporation, including software that is not integral to the functionality of equipment purchased which has finite useful lives, is measured at cost less accumulated amortization and accumulated impairment losses.

(e) Intangible assets (continued):

(ii) Land rights:

Payments to obtain rights to access land ("land rights") are classified as intangible assets. These include payments made for easements, right of access and right of use over land for which the Corporation does not hold title. Land rights are measured at cost less accumulated amortization and accumulated impairment losses.

(iii) Amortization:

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated useful lives are:

Computer software	**3-10 years**
Land rights	**100 years**

Amortization methods and useful lives of all intangible assets are reviewed at each reporting date and adjusted prospectively if appropriate.

(f) Impairment:

(i) Financial assets:

A loss allowance for expected credit losses on financial assets measured at amortized cost is recognized at the reporting date. The loss allowance is measured at an amount equal to the lifetime expected credit losses for the asset.

3. Significant accounting policies (continued):

(f) Impairment (continued):

(ii) Non-financial assets:

The carrying amounts of the Corporation's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss.

An impairment loss in respect of goodwill is not reversed. For assets other than goodwill, impairment recognized in prior periods is assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(g) Provisions:

A provision is recognized if, as a result of a past event, the Corporation has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

3. Significant accounting policies (continued):

(h) Regulatory deferral accounts:

Regulatory deferral account debit balances represent costs incurred in excess of amounts billed to the customer at OEB approved rates. These amounts have been accumulated and deferred in anticipation of their future recovery in electricity distribution rates. Regulatory deferral account credit balances represent amounts billed to the customer at OEB approved rates in excess of costs incurred by the Corporation.

Regulatory deferral account debit balances are recognized if it is probable that future billings in an amount at least equal to the capitalized cost will result from inclusion of that cost in allowable costs for rate-making purposes. The offsetting amount is recognized in profit and loss. The debit balance is reduced by the amount of customer billings as electricity is delivered to the customer and the customer is billed at rates approved by the OEB for the recovery of the capitalized costs.

Regulatory deferral account credit balances are recognized if it is probable that future billings in an amount at least equal to the credit balance will be reduced as a result of rate-making activities. The offsetting amount is recognized in profit and loss. The credit balance is reduced by the amounts returned to customers as electricity is delivered to the customer at rates approved by the OEB for the return of the regulatory account credit balance.

The probability of recovery or repayment of the regulatory account balances are assessed annually based upon the likelihood that the OEB will approve the change in rates to recover or repay the balance. Any resulting impairment loss is recognized in profit and loss in the year incurred.

Regulatory deferral accounts attract interest at OEB prescribed rates. The rates from January to March 2018 were 1.5%, April to September 2018 were 1.89% and October to December 2018 were 2.17% (2017 – 1.2%).

3. Significant accounting policies (continued):

(i) Employee future benefits:

(i) Pension plan:

The Corporation provides a pension plan for all its full-time employees through Ontario Municipal Employees Retirement System (“OMERS”). OMERS is a multi-employer pension plan which operates as the Ontario Municipal Employees Retirement Fund (“the Fund”), and provides pensions for employees of Ontario municipalities, local boards and public utilities. The Fund is a contributory defined benefit pension plan, which is financed by equal contributions from participating employers and employees, and by the investment earnings of the Fund. To the extent that the Fund finds itself in an under-funded position, additional contribution rates may be assessed to participating employers and members.

OMERS is a defined benefit plan. However, as OMERS does not segregate its pension asset and liability information by individual employers, there is insufficient information available to enable the Corporation to directly account for the plan. Consequently, the plan has been accounted for as a defined contribution plan. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in net income when they are due.

(ii) Post-employment benefits, other than pension:

The Corporation provides some of its retired employees with life insurance and medical benefits beyond those provided by government sponsored plans.

The cost of these benefits is expensed as earned by employees through employment service. The accrued benefit obligations and the current service costs are actuarially determined by applying the projected unit credit method and reflect management’s best estimate of certain underlying assumptions. Actuarial gains and losses arising from defined benefit plans are recognized immediately in other comprehensive income and reported in retained earnings. When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognized in net income on a straight-line basis over the average period until the benefits become vested. In circumstances where the benefits vest immediately, the expense is recognized immediately in net income.

3. Significant accounting policies (continued):

(j) Deferred revenue and assets transferred from customers:

Certain customers and developers are required to contribute towards the capital cost of construction in order to provide ongoing service. When an asset is received as a capital contribution, the asset is initially recognized at its fair value, with the corresponding amount recognized as deferred revenue. Deferred revenue represents the Corporation's obligation to continue to provide customers access to the supply of electricity, and is amortized to income on a straight-line basis over the economic useful life of the acquired or contributed asset, which represents the period of ongoing service to the customer.

(k) Leased assets:

Leases, where the terms cause the Corporation to assume substantially all the risks and rewards of ownership, are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

All other leases are classified as operating leases and the leased assets are not recognized on the Corporation’s balance sheet. Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease.

(l) Finance income and finance costs:

Finance income is recognized as it accrues in profit or loss, using the effective interest method. Finance income comprises interest earned on cash and cash equivalents and on regulatory assets.

Finance charges comprise interest expense on borrowings, finance lease obligations, regulatory liabilities and unwinding of the discount on provisions and impairment losses on financial assets. Finance costs are recognized as an expense unless they are capitalized as part of the cost of qualifying assets.

3. Significant accounting policies (continued):

(m) Income taxes:

The income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case, it is recognized in equity.

The Corporation is currently exempt from taxes under the Income Tax Act (Canada) and the Ontario Corporations Tax Act (collectively the "Tax Acts"). Under the *Electricity Act*, 1998, the Corporation makes payments in lieu of corporate taxes to the Ontario Electricity Financial Corporation ("OEFC"). These payments are calculated in accordance with the rules for computing taxable income and taxable capital and other relevant amounts contained in the Income Tax Act (Canada) and the Corporations Tax Act (Ontario) as modified by the Electricity Act, 1998, and related regulations. Prior to October 1, 2001, the Corporation was not subject to income or capital taxes. Payments in lieu of taxes are referred to as income taxes.

Current tax is the tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized using the balance sheet method. Under this method, deferred income taxes reflect the net tax effects of temporary differences between the tax basis of assets and liabilities and their carrying amounts for accounting purposes, as well as for tax losses available to be carried forward to future years that are likely to be realized. Deferred tax assets and liabilities are measured using enacted or substantively enacted tax rates, at the reporting date, expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the year that includes the date of enactment or substantive enactment.

4. Cash:

	2018	2017
Cash	$ 21,488	$ 28,765

5. Accounts receivable:

	2018	2017
Customer and other trade receivables	$ 18,431	$ 17,960
Trade receivables from related parties	101	207
	$ 18,532	$ 18,167

6. Inventory:

The amount of inventories consumed by the Corporation and recognized as an expense during 2018 was $311 (2017 - $406).

7. Property, plant and equipment:

(a) Cost or deemed cost:

	Land and buildings	Distribution equipment	Other fixed assets	Construction-in-progress	Total
Balance at January 1, 2018	$ 23,598	$ 224,431	$ 7,091	$ 4,342	$ 259,462
Additions	936	18,141	2,004	-	21,081
Transfers	-	-	-	(720)	(720)
Disposals/Retirements	(71)	(154)	(245)	-	(470)
Balance at December 31, 2018	$ 24,463	$ 242,418	$ 8,850	$ 3,622	$ 279,353

	Land and buildings	Distribution equipment	Other fixed assets	Construction-in-progress	Total
Balance at January 1, 2017	$ 22,606	$ 203,502	$ 6,727	$ 6,900	$ 239,735
Additions	1,016	20,900	1,530	-	23,446
Transfers	-	-	-	(2,558)	(2,558)
Disposals/Retirements	(24)	29	(1,166)	-	(1,161)
Balance at December 31, 2017	$ 23,598	$ 224,431	$ 7,091	$ 4,342	$ 259,462

(b) Accumulated depreciation:

	Land and buildings	Distribution equipment	Other fixed assets	Construction-in-progress	Total
Balance at January 1, 2018	$ 1,461	$ 22,699	$ 1,087	$ -	$ 25,247
Depreciation charge	663	7,467	1,209	-	9,339
Disposals/Retirements	(71)	(154)	(237)	-	(462)
Balance at December 31, 2018	$ 2,053	$ 30,012	$ 2,059	$ -	$ 34,124

	Land and buildings	Distribution equipment	Other fixed assets	Construction-in-progress	Total
Balance at January 1, 2017	$ 829	$ 15,701	$ 1,046	$ -	$ 17,576
Depreciation charge	656	6,969	1,207	-	8,832
Disposals/Retirements	(24)	29	(1,166)	-	(1,161)
Balance at December 31, 2017	$ 1,461	$ 22,699	$ 1,087	$ -	$ 25,247

7. Property, plant and equipment (continued):

(c) Carrying amounts:

	Land and buildings	Distribution equipment	Other fixed assets	Construction-in-progress	Total
At December 31, 2018	$ 22,410	$ 212,406	$ 6,791	$ 3,622	$ 245,229
At December 31, 2017	$ 22,137	$ 201,732	$ 6,004	$ 4,342	$ 234,215

(d) Leased plant and equipment:

The Corporation does not have leases for plant or equipment.

(e) Security:

At December 31, 2018, the Corporation had zero properties subject to a general security agreement.

(f) Borrowing costs:

During the year, borrowing costs of $ nil (2017 - $ nil) were capitalized as part of the cost of property, plant and equipment.

(g) Allocation of depreciation and amortization:

The depreciation of property, plant and equipment and the amortization of intangible assets has been allocated to profit or loss as follows:

	Operations and maintenance expense	Customer services expense	General and administration expense	Energy Conservation expense	Other	Total
December 31, 2018:						
Depreciation of property, plant and equipment	$ 672	$ 6	$ -	$ 7	$ 8,654	$ 9,339
Amortization of intangible assets	-	-	-	-	450	450
	$ 672	$ 6	$ -	$ 7	$ 9,104	$ 9,789
December 31, 2017:						
Depreciation of property, plant and equipment	$ 685	$ 8	$ -	$ 7	$ 8,132	$ 8,832
Amortization of intangible assets	-	-	-	-	420	420
	$ 685	$ 8	$ -	$ 7	$ 8,552	$ 9,252

8. Intangible assets:

(a) Cost or deemed cost:

	Computer Software	Land Rights	Total
Balance at January 1, 2018	$ 2,526	$ 8	$ 2,534
Additions	276	-	276
Balance at December 31, 2018	$ 2,802	$ 8	$ 2,810
Balance at January 1, 2017	$ 2,390	$ 8	$ 2,398
Additions	136	-	136
Balance at December 31, 2017	$ 2,526	$ 8	$ 2,534

(b) Accumulated amortization:

	Computer Software	**Land Rights**	**Total**
Balance at January 1, 2018	$ 1,636	$ 8	$ 1,644
Additions	450	-	450
Balance at December 31, 2018	$ 2,086	$ 8	$ 2,094
Balance at January 1, 2017	$ 1,216	$ 8	$ 1,224
Additions	420	-	420
Balance at December 31, 2017	$ 1,636	$ 8	$ 1,644

(c) Carrying amounts:

	Computer Software	**Land Rights**	**Total**
At December 31, 2018	$ 716	$ -	$ 716
At December 31, 2017	$ 890	$ -	$ 890

9. Income tax expense:

		2018		2017
Current period	$	2,115	$	1,895
Adjustment for prior periods		(155)		(55)
	$	1,960	$	1,840

Deferred tax expense:

		2018		2017
Original & reversal of temporary differences	$	(25)	$	(12)
	$	(25)	$	(12)

Reconciliation of effective tax rate:

		2018		2017
Total comprehensive income for the year	$	11,085	$	10,177
Total income tax expense		1,935		1,828
Comprehensive income before income taxes		13,020		12,005
Income tax using the Corporation's statutory tax rate of 26.5%		3,450		3,181
Temporary differences not benefitted		(1,360)		(1,298)
Under (over) provided in prior periods		(155)		(55)
	$	1,935	$	1,828

Significant components of the Corporation's deferred tax balances are as follows:

		2018		2017
Deferred tax assets (liabilities):				
Plant and equipment	$	(12,519)	$	(11,146)
Non-vested sick leave		144		144
Employee benefits		1,406		1,382
Deferred revenue - contributed capital		8,948		8,085
	$	(2,021)	$	(1,535)

10. Regulatory deferral account balance:

The following is a reconciliation of the carrying amount for each class of regulatory deferral account balances:

	2017	Balances arising in the period	Recovery/ Reversal	Other	2018	Remaining recovery/ reversal period (years)
Regulatory deferral account debit balances						
Group 1 deferred accounts	$ 4,576	$ (104)	$ (1,630)	$ (1,030)	$ 1,812	Note 1
Regulatory asset recovery account	794	3,672	(6,177)	1,711	-	Note 1
Smart meter recovery	13	-	-	-	13	
Deferred tax asset	4,164	693	-	-	4,857	Note 2
Other	526	188	-	(30)	684	
Total amount related to regulatory deferral account debit balances	**$ 10,073**	**$ 4,449**	**$ (7,807)**	**$ 651**	**$ 7,366**	

	2017	Balances arising in the period	Recovery/ Reversal	Other	2018	Remaining recovery/ reversal period (years)
Regulatory deferral account credit balances						
Group 1 deferred accounts	$ 10,657	$ 3,049	$ (7,808)	$ (1,030)	$ 4,868	Note 1
Regulatory asset recovery account	-	-	-	1,711	1,711	Note 1
Other	364	37	-	(30)	371	
Total amount related to regulatory deferral account credit balances	**$ 11,021**	**$ 3,086**	**$ (7,808)**	**$ 651**	**$ 6,950**	

	2018	2017
Movements in regulatory accounts		
Net change in regulatory deferral account debit and credit balances	$ 1,364	$ 4,885
Less movement related to the balance sheet		
Deferred income tax	(693)	(4,697)
Deferred revenue	(32)	41
Net movement in regulatory deferral account balances related to profit or loss and the related deferral tax movement	$ 639	$ 229

Note 1	KWHI expects to be approved for collection of these amounts in its 2018 filing for 2019 rates.
Note 2	KWHI has not sought approval for the disposition of this amount as changes in underlying assumptions may reduce the amounts recorded in the account. KWHI may seek refunds in the future.

11. Long-term debt:

Effective August 1, 2000, the Corporation incurred unsecured promissory notes payable to the City of Kitchener and the Township of Wilmot, and have an interest rate of 4.88% per annum. Interest is payable in quarterly installments, in arrears, on March 31st, June 30th, September 30th and December 31st.

Effective February 1, 2010, the Corporation entered into a ten year senior unsecured debenture payable to Ontario Infrastructure Projects Corporation. An initial payment of $7,000 was received February 1, 2010, followed by a second payment of $3,000 on May 17, 2010. The debenture has an interest rate of 4.28%, and interest is payable in equal semi-annual installments, in arrears, on May 17th and November 17th each year commencing November 17, 2010 until maturity.

		2018		**2017**
Senior unsecured debentures:				
City of Kitchener	$	70,998	$	70,998
Township of Wilmot		5,965		5,965
Ontario Infrastructure Projects Corporation		1,782		2,909
Senior unsecured debentures, net proceeds	$	78,745	$	79,872
Less: current portion of long-term debt	$	(1,176)	$	(1,127)
Total long-term debt	$	77,569	$	78,745

12. Employee future benefits:

The Corporation pays certain medical and life insurance benefits on behalf of some of its retired employees. The Corporation recognizes these post-retirement costs in the period in which employees' services were rendered. The accrued benefit liability at December 31, 2018 of $5,305 was based on an actuarial valuation completed in 2016 using a discount rate of 3.9%.

12. Employee future benefits (continued):

Changes in the present value of the defined benefit unfunded obligation and the accrued benefit liability:

		2018		2017
Defined benefit obligation, beginning of year	$	5,213	$	5,035
Current service cost		162		166
Interest cost		199		194
Benefits paid during the year		(269)		(227)
Actuarial loss recognized in other comprehensive income		-		45
Accrued benefit liability, end of year	$	5,305	$	5,213

Components of net benefit expense recognized are as follows:

		2018		2017
Current service cost	$	162	$	166
Interest cost		199		194
Net benefit expense recognized	$	361	$	360

Actuarial losses recognized in other comprehensive income:

		2018		2017
Cumulative amount at January 1		(278)		(245)
Recognized during the year		-		(33)
Cumulative amount at December 31		(278)		(278)
Net benefit expense recognized	$	-	$	(33)

12. Employee future benefits (continued):

The significant actuarial assumptions used in the valuation are as follows (weighted average):

		2018	2017
Accrued benefit obligation:			
Discount rate		3.9%	3.9%
Benefit cost for the year:	Age		
Withdrawal rate	18-29	3.50%	3.50%
	30-34	2.50%	2.50%
	35-39	2.2%	2.2%
	40-49	1.8%	1.8%
	50-54	1.4%	1.4%
Assumed health care cost trend rates:			
Initial health care cost trend rate	Health	6.2%	6.2%
	Dental	4.5%	4.5%

The approximate effect on the accrued benefit obligation of the entire plan and the estimated net benefit expense of the entire plan if the health care trend rate assumption was increased or decreased by 1%, and all other assumptions were held constant, is as follows:

	Benefit Obligation	Periodic Benefit Cost
1% increase in health care trend rate	$ 186	$ 28
1% decrease in health care trend rate	$ (149)	$ (24)

Historical Information

Amounts for the current and previous year, for the entire plan, are as follows:

	2018	2017
Defined benefit obligation	$ 5,305	$ 5,213
Experience adjustments	$ -	$ (33)

12. Employee future benefits (continued):

The main actuarial assumptions utilized for the valuation are as follows:

General inflation - future general inflation levels, as measured by the changes in the Consumer Price Index, were assumed at 2.0% in 2018, and thereafter (2017 - 2%).

Discount (interest) rate - the discount rate used to determine the present value of future liabilities and the expense for the year ended December 31, 2018, was 3.9% (2017 – 3.9%).

Salary levels - future general salary and wage levels were assumed to increase at 3.3% (2017 - 3.3%) per annum.

Medical costs - medical costs were assumed to increase 5.99% for 2018, (6.2% for 2017) decreasing annually to 4.5% in 2025 and beyond.

Dental costs - dental costs were assumed to be 4.5% for 2017 and thereafter.

13. Customer and IESO deposits:

Customer deposits represent cash deposits from electricity distribution customers and retailers, as well as construction deposits.

Deposits from electricity distribution customers are refundable to customers who demonstrate an acceptable level of credit risk as determined by the Corporation in accordance with policies set out by the OEB or upon termination of their electricity distribution service.

Construction deposits represent cash prepayments for the estimated cost of capital projects recoverable from customers and developers. Upon completion of the capital project, these deposits are transferred to deferred revenue.

The Corporation delivers conservation and demand management programs for its customers on behalf of the IESO. Prepayments received from the IESO have been recorded and will be transferred to revenue as programs are delivered and the revenue is earned.

The deposits comprise:

		2018		2017
Customer deposits	$	7,471	$	7,664
Construction deposits		5,630		5,702
IESO deposit for energy conservation programs		1,158		1,158
Total customer deposits	$	14,259	$	14,524

14. Share capital:

	2018	2017
Authorized:		
Unlimited number of common shares		
Issued:		
10,000 common shares	$ 63,689	$ 63,689

Dividends:

The holders of the common shares are entitled to receive dividends as declared from time to time.

The Corporation paid aggregate dividends in the year on common shares of $5,571 (2017 - $4,195).

15. Other operating revenue:

Other income comprises:

	2018	2017
Specific service charges	$ 1,163	$ 1,138
Deferred revenue	782	658
Scrap sales	175	363
Net gain on disposal of capital assets	128	29
Retailer services	28	35
Sundry	77	74
Total other income	$ 2,353	$ 2,297

16. Finance income and expense:

	2018	2017
Interest income on bank deposits	$ 492	$ 297
Finance income	492	297
Interest expense on long-term debt	3,864	3,911
Interest expense on BMO letter of credit	123	123
Interest expense on deposits	121	70
Other	11	5
	4,119	4,109
Net finance costs recognized in profit or loss	$ 3,627	$ 3,812

17. Commitments and contingencies:

Contractual Obligations

There are no contractual obligations.

General

From time to time, the Corporation is involved in various litigation matters arising in the ordinary course of its business. The Corporation has no reason to believe that the disposition of any such current matter could reasonably be expected to have a materially adverse impact on the Corporation's financial position, results of operations or its ability to carry on any of its business activities.

General Liability Insurance:

The Corporation is a member of the Municipal Electric Association Reciprocal Insurance Exchange (MEARIE). MEARIE is a pooling of public liability insurance risks of many of the LDCs in Ontario. All members of the pool are subjected to assessment for losses experienced by the pool for the years in which they were members, on a pro-rata basis based on the total of their respective service revenues. As at December 31, 2018, no assessments have been made.

18. Guarantees:

Guarantees are not applicable to the Corporation.

19. Pension agreement:

The Corporation provides a pension plan for its employees through OMERS. The plan is a multi-employer, contributory defined pension plan with equal contributions by the employer and its employees. In 2018, the Corporation made employer contributions of $1,601 to OMERS (2017 - $1,582). The Corporation's net benefit expense has been allocated as follows:

(a) $444 (2017 - $415) capitalized as part of property, plant and equipment;

(b) $1,157 (2017 - $1,167) charged to net income.

The Corporation estimates that a contribution of $1,700 to OMERS will be made during the next fiscal year.

20. Employee benefits:

	2018	2017
Salaries, wages and benefits	$ 18,592	$ 18,426
CPP and EI remittances	697	700
Contributions to OMERS	1,601	1,582
Expenses related to defined benefit plans	361	360
	$ 21,251	$ 21,068

21. Related party transactions:

(a) Parent and ultimate controlling party:

The sole shareholder of the Corporation is Kitchener Power Corporation, which in turn is wholly-owned by the Corporation of the City of Kitchener and the Corporation of the Township of Wilmot. The City and the Township produce financial statements that are available for public use.

(b) Entity with significant influence:

The Corporation of the City of Kitchener exercises significant influence over the Corporation through its 92.25% ownership interest in the Corporation.

(c) Key management personnel:

The key management personnel of the Corporation have been defined as members of its board of directors and executive management team members, and is summarized below.

	2018	2017
Directors' fees	$ 61	$ 62
Salaries and other short-term benefits	925	900
Post employment benefits	17	17
Other long-term benefits (OMERS)	77	74
	$ 1,080	$ 1,053

(d) Transactions with entity with significant influence:

In the ordinary course of business, the Corporation delivers electricity to the Corporation of the City of Kitchener. Electricity is billed to the City of Kitchener at prices and under terms approved by the OEB.

(e) Transactions with ultimate parent (the City of Kitchener):

In 2018, the Corporation had the following significant transactions with its ultimate parent, a government entity:

- construction
- streetlight maintenance services under contract through a related party, Kitchener Energy Services Inc.

22. Financial instruments and risk management:

Fair value disclosure

Cash and cash equivalents are measured at fair value. The carrying values of receivables, and accounts payable and accrued charges approximate fair value because of the short maturity of these instruments. The carrying value of the customer deposits approximates fair value because the amounts are payable on demand.

The fair value of the long term debt (senior unsecured debentures issued by the shareholders (City of Kitchener and Township of Wilmot) approximates the carrying value due to the short term nature of the loan.

The fair value of the long term debt (senior unsecured debentures) issued by Ontario Infrastructure Projects Corporation at December 31, 2018 is $1,800 (2017 - $2,900). The fair value is calculated based on the present value of future principal and interest cash flows, discounted at the current rate of interest at the reporting date. The interest rate used to calculate fair value at December 31, 2018 was 4.28% (2017 – 4.28%).

Financial risks

The Corporation understands the risks inherent in its business and defines them broadly as anything that could impact its ability to achieve its strategic objectives. The Corporation's exposure to a variety of risks such as credit risk, interest rate risk, and liquidity risk, as well as related mitigation strategies are discussed below.

(a) Credit risk:

Financial assets carry credit risk that a counterparty will fail to discharge an obligation which could result in a financial loss. Financial assets held by the Corporation, such as accounts receivable, expose it to credit risk. The Corporation earns its revenue from a broad base of customers located in the City of Kitchener and the Township of Wilmot. As of December 31, 2018 one customer accounted for more than 1% of total accounts receivable, totaling $187 (or 1.0%) out of a total accounts receivable of $18,532.

The carrying amount of accounts receivable is reduced through the use of an allowance for impairment and the amount of the related impairment loss is recognized in net income. Subsequent recoveries of receivables previously provisioned are credited to net income. The balance of the allowance for impairment at December 31, 2018 is $250 (2017 - $250). An impairment loss of $183 (2017 - $155) was recognized during the year.

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22. Financial instruments and risk management (continued):

(a) Credit risk (continued):

The Corporation's credit risk associated with accounts receivable is primarily related to payments from distribution customers. At December 31, 2018, approximately $242 (2017 - $210) is considered 60 days past due. The Corporation has over 96 thousand customers, the majority of whom are residential. Credit risk is managed through collection of security deposits from customers in accordance with directions provided by the OEB. As at December 31, 2018, the Corporation holds security deposits in the amount of $14,300 (2017 - $14,500).

(b) Market risk:

Market risks primarily refer to the risk of loss resulting from changes in commodity prices, foreign exchange rates, and interest rates. The Corporation currently does not have any material commodity or foreign exchange risk. The Corporation is exposed to fluctuations in interest rates as the regulated rate of return for the Corporation's distribution business is derived using a complex formulaic approach which is in part based on the forecast for long-term Government of Canada bond yields. This rate of return is approved by the OEB as part of the approval of distribution rates.

A 1% increase in the interest rate at December 31, 2018 would have increased interest expense on the long-term debt by $18 (2017 - $29), assuming all other variables remain constant. A 1% decrease in the interest rate would have an equal but opposite effect.

(c) Liquidity risk:

The Corporation monitors its liquidity risk to ensure access to sufficient funds to meet operational and investing requirements. The Corporation's objective is to ensure that sufficient liquidity is on hand to meet obligations as they fall due while minimizing interest exposure. The Corporation has access to a $5,000 credit facility and monitors cash balances daily to ensure that a sufficient level of liquidity is on hand to meet financial commitments as they come due. As at December 31, 2018, no amounts had been drawn under BMO Bank of Montreal credit facility (2017 - $ nil).

The Corporation also has a bilateral facility for $35,000 (the "LC" facility) for the purpose of issuing letters of credit mainly to support the prudential requirements of the IESO, of which $35,000 has been drawn and posted with the IESO (2017 - $35,000).

The majority of accounts payable, as reported on the balance sheet, are due within 30 days.

22. Financial instruments and risk management (continued):

(d) Capital disclosures:

The main objectives of the Corporation, when managing capital, are to ensure ongoing access to funding to maintain and improve the electricity distribution system, compliance with covenants related to its credit facilities, prudent management of its capital structure with regard for recoveries of financing charges permitted by the OEB on its regulated electricity distribution business, and to deliver the appropriate financial returns.

The Corporation's definition of capital includes shareholder's equity and long-term debt. As at December 31, 2018, shareholder's equity amounts to $153,011 (2017 - $147,497) and long-term debt amounts to $77,569 (2017 - $78,745).

23. Revenue from Contracts with Customers

The Corporation generates revenue primarily from the sale and distribution of electricity to its customers. Other sources of revenue include performance incentive payments under CDM programs

		2018		**2017**
Revenue from Contracts with Customers	$	236,777	$	245,649
Other Revenue:				
CDM programs		4,971		3,523
Other		1,675		1,462
Total	**$**	**243,423**	**$**	**250,633**

In the following table, revenue from contracts with customers is disaggregated by type of customer.

		2018		**2017**
Residential	$	89,870	$	94,073
Commercial		144,107		147,821
Large Users		1,382		1,205
Other		1,418		2,549
Total Revenue	**$**	**236,777**	**$**	**245,649**

24. Change in Accounting Policy

IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments

The Company has initially applied IFRS 15 *Revenue from Contracts with Customers* from January 1, 2018 on a retrospective basis. The following practical expedients have been used in the initial application of this new standard:

For completed contracts, the Corporation did not restate contracts that:

(i) Began and ended within the same annual reporting period; or

(ii) Were completed at the beginning of January 1, 2017.

IFRS 15 contains a five step model that applies to contracts with customers that specifies that revenue is recognized when or as an entity transfers control of goods or services to a customer at the amount to which the entity expects to be entitled.

The Company has initially applied IFRS 9 *Financial Instruments* from January 1, 2018 on a retrospective basis. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for measuring impairment on financial assets, and new general hedge accounting requirements.

Despite the retrospective adoption, the accounting policy change did not result in a significant impact to the financial statements. As a result, the Company was not required to make any adjustments to the comparative figures upon initial adoption.

The updated accounting policies have been discussed further in note 3.

25. Future accounting pronouncements:

The Company is evaluating the adoption of the following new and revised standards along with any subsequent amendments.

Leases

In January 2016, IASB issued IFRS 16 to establish principles for the recognition, measurement, presentation, and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions. IFRS 16 replaces IAS 17 and it is effective for annual periods beginning on or after January 1, 2019. The standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. This standard substantially carries forward the lessor accounting requirements of IAS 17, while requiring enhanced disclosures to be provided by the lessor. Other areas of the lease accounting model have been impacted, including the definition of a lease. Transitional provisions have been provided. The Corporation intends to adopt IFRS 16 in its financial statements for the annual period beginning January 1, 2019. The Corporation is assessing the impact of IFRS 16 on its results of operations, financial position and disclosures.

Schedule of Instalment Remittances

Name of corporation contact: Margaret Nanninga

Telephone number: (519) 749-6177

Effective interest date	Description (instalment remittance, split payment, assessed credit)	Amount of credit
	Instalments	1,665,500
	Shortfall payment - Jan 29, 2019	449,408

Total amount of instalments claimed (carry the result to line 840 of the T2 Return)	2,114,908	**A**
Total instalments credited to the taxation year per T9	2,114,908	**B**

Transfer

	Account number	Taxation year end	Amount	Effective interest date	Description
From:					
To:					
From:					
To:					
From:					
To:					
From:					
To:					
From:					
To:					

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Net Income (Loss) for Income Tax Purposes

Schedule 1

Corporation's name	Business number	Tax year-end Year Month Day
Kitchener-Wilmot Hydro Inc.	86360 3726 RC0001	2018-12-31

- The purpose of this schedule is to provide a reconciliation between the corporation's net income (loss) as reported on the financial statements and its net income (loss) for tax purposes. For more information, see the T2 *Corporation – Income Tax Guide*.
- All legislative references are to the *Income Tax Act*.

Net income (loss) after taxes and extraordinary items from line 9999 of Schedule 125			11,084,896	A

Add:

Provision for income taxes – current	101	1,935,227		
Interest and penalties on taxes	103	10,641		
Amortization of tangible assets	104	9,789,672		
Charitable donations and gifts from Schedule 2	112	3,300		
Scientific research expenditures deducted per financial statements	118	33,755		
Non-deductible meals and entertainment expenses	121	27,419		
Reserves from financial statements – balance at the end of the year	126	5,304,000		
Subtotal of additions		17,104,014 ▶	17,104,014	

Other additions:

Miscellaneous other additions:

	1 Description 605	2 Amount 295
1	Inducement under 12(1)(x) ITA	86,618
2	12(1)(a) Customer Deposits	14,259,634
3	Deferred capital contributions 12(1)(x)	4,696,647
4	Provision for Bad Debt	126,945
	Total of column 2	19,169,844 ▶

	296	19,169,844		
Subtotal of other additions	199	19,169,844 ▶	19,169,844	
Total additions	500	36,273,858 ▶	36,273,858	B
Amount A **plus** amount B			47,358,754	C

Deduct:

Gain on disposal of assets per financial statements	401	128,387		
Capital cost allowance from Schedule 8	403	13,894,983		
SR&ED expenditures claimed in the year on line 460 from Form T661	411	6,447		
Reserves from financial statements – balance at the beginning of the year	414	5,213,000		
Contributions to deferred income plans from Schedule 15	417	444,042		
Subtotal of deductions		19,686,859 ▶	19,686,859	

Other deductions:

Miscellaneous other deductions:

	1 Description 705	2 Amount 395
1	Actual Bad Debts	277,229
2	Deferred Capital Contributions 13(7.4)	4,696,647
3	20(1)(m) Customer Deposits	14,259,634
4	SR&ED cost capitalized for accounting	11,968
5	Amortization of Deferred Revenue	781,552
6	2013 Coop repayment	1,154
	Total of column 2	20,028,184 ▶

	396	20,028,184

Subtotal of other deductions	**499**	20,028,184 ▶	20,028,184	
Total deductions	**510**	39,715,043 ▶	39,715,043	D
Net income (loss) for income tax purposes (amount C **minus** amount D)			7,643,711	E

Enter amount E on line 300 of the T2 return.

Inducement

This form is used to calculate inducements that a corporation must add to its income under paragraph 12(1)(x) ITA. If an amount reduces the capital cost of a property, this amount will be indicated in Part "Tax credits whose amount should reduce the capital cost of property."

If you want to transfer an amount to Schedule 1 and include it in the corporation’s income for tax purposes, select the corresponding check box in column A. You can also select the option **Select this check box to add all the amounts to income calculated in Schedule 1** to transfer all the amounts to Schedule 1. In either case, the column A check box will be selected for that amount and it will therefore be updated to Schedule 1.

Tax credits whose amount should be added to income

Federal

A		
☒	Investment tax credit from apprenticeship job creation expenditures	8,000
☐	Investment tax credit from child care spaces expenditures	
☐	Canadian film or video production tax credit* * Please verify if the credit amount relates to depreciable property. For more information, consult the Help (F1).	
☐	Film or video production services tax credit* * Please verify if the credit amount relates to depreciable property. For more information, consult the Help (F1).	
☐	Investment tax credit claimed on contributions made to SR&ED farming organizations	
☐	Labour tax credit for qualifying journalism organizations	

Ontario

A		
☒	Portion of the Ontario research and development tax credit that relates to the prescribed proxy amount (PPA) and portion of the Ontario investment tax credit that relates to contributions made to SR&ED farming organizations	1,765
☒	Ontario co-operative education tax credit	45,922
☒	Ontario apprenticeship training tax credit	30,931
☐	Ontario computer animation and special effects tax credit* * Please verify if the credit amount relates to depreciable property. For more information, consult the Help (F1).	
☐	Ontario film and television tax credit* * Please verify if the credit amount relates to depreciable property. For more information, consult the Help (F1).	
☐	Ontario production services tax credit* * Please verify if the credit amount relates to depreciable property. For more information, consult the Help (F1).	
☐	Ontario interactive digital media tax credit* * Please verify if the credit amount relates to depreciable property. For more information, consult the Help (F1).	
☐	Ontario sound recording tax credit* * Please verify if the credit amount relates to depreciable property. For more information, consult the Help (F1).	
☐	Ontario book publishing tax credit	
☐	Portion of the Ontario innovation tax credit that relates to the prescribed proxy amount (PPA) and portion of the Ontario investment tax credit that relates to contributions made to SR&ED farming organizations	
☐	Ontario business-research institute tax credit	
☐	Ontario community food program donation tax credit for farmers	

Tax credits whose amount should reduce the capital cost of property

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Schedule 2

Charitable Donations and Gifts

Corporation's name	Business number	Tax year-end Year Month Day
Kitchener-Wilmot Hydro Inc.	86360 3726 RC0001	2018-12-31

- For use by corporations to claim any of the following:
  - the eligible amount of charitable donations to qualified donees
  - the Ontario, Nova Scotia, and British Columbia food donation tax credits for farmers
  - the eligible amount of gifts of certified cultural property
  - the eligible amount of gifts of certified ecologically sensitive land or
  - the additional deduction for gifts of medicine made before March 22, 2017
- All legislative references are to the federal Income Tax Act, unless stated otherwise.
- The eligible amount of a gift is the amount by which the fair market value of the gifted property exceeds the amount of an advantage, if any, for the gift.
- The donations and gifts can be carried forward for 5 years except for gifts of certified ecologically sensitive land made after February 10, 2014, which can be carried forward for 10 years. Provincial food donation tax credits must be applied in the current tax year.
- Use this schedule to show a transfer of unused amounts from previous years following an amalgamation or the wind-up of a subsidiary as described under subsections 87(1) and 88(1).
- Subsection 110.1(1.2) provides as follows:
  - Where a particular corporation has undergone an acquisition of control, for tax years that end on or after the acquisition of control, no corporation can claim a deduction for a gift made by the particular corporation to a qualified donee before the acquisition of control.
  - If a particular corporation makes a gift to a qualified donee pursuant to an arrangement under which both the gift and the acquisition of control is expected, no corporation can claim a deduction for the gift unless the person acquiring control of the particular corporation is the qualified donee.
- An eligible medical gift made before March 22, 2017, to a qualifying organization for activities outside of Canada may be eligible for an additional deduction. Calculate the additional deduction in Part 5.
- File one completed copy of this schedule with your T2 Corporation Income Tax Return.
- For more information, see the T2 Corporation – Income Tax Guide.

Part 1 – Charitable donations

Charity/Recipient	Amount ($100 or more only)
London Health Scienes Foundation	100
Kitchener-Waterloo Humane Society	100
Strong Start to Reading	100
Conestoga College	1,500
Conestoga College	1,500
Subtotal	3,300
Add: Total donations of less than $100 each	
Total donations in current tax year	3,300

Part 1 – Charitable donations

		Federal		Québec	Alberta
Charitable donations at the end of the previous tax year			A		
Charitable donations expired after 5 tax years*	239				
Charitable donations at the beginning of the current tax year (amount A **minus** line 239)	240				
Charitable donations transferred on an amalgamation or the wind-up of a subsidiary	250				
Total charitable donations made in the current year (include this amount on line 112 of Schedule 1 Net Income (Loss) for Income Tax Purposes)	210	3,300		3,300	3,300
Subtotal (line 250 **plus** line 210)		3,300	B	3,300	3,300
Subtotal (line 240 **plus** amount B)		3,300	C	3,300	3,300
Adjustment for an acquisition of control	255				
Total charitable donations available (amount C **minus** line 255)		3,300	D	3,300	3,300
Amount applied in the current year against taxable income (cannot be more than amount L in Part 2) (enter this amount on line 311 of the T2 return)	260	3,300		3,300	3,300
Charitable donations closing balance (amount D **minus** line 260)	280				

The amount of qualifying donations for the Ontario community food program donation tax credit for farmers included in the amount on line 260 (for donations made after December 31, 2013)	262		
Ontario community food program donation tax credit for farmers (amount on line 262 **multiplied** by 25 %)			1

Enter amount 1 on line 420 of Schedule 5, Tax Calculation Supplementary – Corporations. The maximum you can claim in the current year is whichever is less: the Ontario income tax otherwise payable or amount 1. For more information, see section 103.1.2 of the Taxation Act, 2007 (Ontario).

The amount of qualifying donations for the Nova Scotia food bank tax credit for farmers included in the amount on line 260 (for donations made after December 31, 2015)	263		
Nova Scotia food bank tax credit for farmers (amount on line 263 **multiplied** by 25 %)			2

Enter amount 2 on line 570 of Schedule 5, Tax Calculation Supplementary – Corporations. The maximum you can claim in the current year is whichever is less: the Nova Scotia income tax otherwise payable or amount 2. For more information, see section 50A of the Nova Scotia Income Tax Act.

The amount of qualifying gifts for the British Columbia farmers' food donation tax credit included in the amount on line 260 (for donations made after February 16, 2016 and before January 1, 2020)	265		
British Columbia farmers' food donation tax credit (amount on line 265 **multiplied** by 25 %)			3

Enter amount 3 on line 683 of Schedule 5, Tax Calculation Supplementary – Corporations. The maximum you can claim in the current year is whichever is less: the British Columbia income tax otherwise payable or amount 3. For more information, see section 20.1 of the British Columbia Income Tax Act.

* For federal and Alberta tax purposes, donations and gifts expire after five tax years. For Québec tax purposes, donations and gifts made in a tax year that ended before March 24, 2006, expire after five tax years; otherwise, donations and gifts expire after twenty tax years.

Amounts carried forward – Charitable donations

Year of origin:		Federal	Québec	Alberta
1st prior year	2017-12-31			
2nd prior year	2016-12-31			
3rd prior year	2015-12-31			
4th prior year	2014-12-31			
5th prior year	2013-12-31			
6th prior year*	2012-12-31			
7th prior year	2011-12-31			
8th prior year	2010-12-31			
9th prior year	2009-12-31			
10th prior year	2008-12-31			
11th prior year	2007-12-31			
12th prior year	2006-12-31			
13th prior year	2006-06-30			
14th prior year	2005-06-30			
15th prior year	2004-06-30			
16th prior year	2003-06-30			
17th prior year	2002-06-30			
18th prior year	2001-06-30			
19th prior year				
20th prior year				
21st prior year*				
Total (to line A)				

* For federal and Alberta tax purposes, donations and gifts included on line *6th prior year* expire automatically in the current tax year. For Québec tax purposes, donations and gifts made in a tax year that ended before March 24, 2006, that are included on line *6th prior year* and donations and gifts that are included on line *21st prior year* expire automatically in the current tax year.

Part 2 – Maximum allowable deduction for charitable donations

Net income for tax purposes* **multiplied** by 75 % . . . . . 5,732,783 E

Taxable capital gains arising in respect of gifts of capital property included in Part 1 ** . . . . . **225** ______

Taxable capital gain in respect of a disposition of a non-qualifying security under subsection 40(1.01) . . . . . **227** ______

The amount of the recapture of capital cost allowance in respect of charitable donations . . . . . **230** ______

Proceeds of disposition, **less** outlays and expenses** . . . . . ______ F

Capital cost** . . . . . ______ G

Amount F or G, whichever is less . . . . . **235** ______

Amount on line 230 or 235, whichever is less . . . . . ______ H

Subtotal (**add** line 225, 227, and amount H) ______ I

Amount I **multiplied** by 25 % ______ J

Subtotal (amount E **plus** amount J) 5,732,783 K

Maximum allowable deduction for charitable donations (enter amount D from Part 1, amount K, or net income for tax purposes, whichever is less) . . . . . 3,300 L

* For credit unions, subsection 137(2) states that this amount is before the deduction of payments pursuant to allocations in proportion to borrowing and bonus interest.

** This amount must be prorated by the following calculation: eligible amount of the gift **divided by** the proceeds of disposition of the gift.

Part 3 – Gifts of certified cultural property

		Federal		Québec	Alberta
Gifts of certified cultural property at the end of the previous tax year			M		
Gifts of certified cultural property expired after 5 tax years*	**439**				
Gifts of certified cultural property at the beginning of the current tax year (amount M **minus** line 439)	**440**				
Gifts of certified cultural property transferred on an amalgamation or the wind-up of a subsidiary	**450**				
Total gifts of certified cultural property in the current year (include this amount on line 112 of Schedule 1)	**410**				
Subtotal (line 450 **plus** line 410)			N		
Subtotal (line 440 **plus** amount N)			O		
Adjustment for an acquisition of control	**455**				
Amount applied in the current year against taxable income (enter this amount on line 313 of the T2 return)	**460**				
Subtotal (line 455 **plus** line 460)			P		
Gifts of certified cultural property closing balance (amount O **minus** amount P)	**480**				

* For federal and Alberta tax purposes, donations and gifts expire after five tax years. For Québec tax purposes, donations and gifts made in a tax year that ended before March 24, 2006, expire after five tax years; otherwise, donations and gifts expire after twenty tax years.

Amount carried forward – Gifts of certified cultural property

Year of origin:		Federal	Québec	Alberta
1st prior year	2017-12-31			
2nd prior year	2016-12-31			
3rd prior year	2015-12-31			
4th prior year	2014-12-31			
5th prior year	2013-12-31			
6th prior year*	2012-12-31			
7th prior year	2011-12-31			
8th prior year	2010-12-31			
9th prior year	2009-12-31			
10th prior year	2008-12-31			
11th prior year	2007-12-31			
12th prior year	2006-12-31			
13th prior year	2006-06-30			
14th prior year	2005-06-30			
15th prior year	2004-06-30			
16th prior year	2003-06-30			
17th prior year	2002-06-30			
18th prior year	2001-06-30			
19th prior year				
20th prior year				
21st prior year*				
Total				

* For federal and Alberta tax purposes, donations and gifts included on line *6th prior year* expire automatically in the current tax year. For Québec tax purposes, donations and gifts made in a tax year that ended before March 24, 2006, that are included on line *6th prior year* and donations and gifts that are included on line *21st prior year* expire automatically in the current tax year.

Part 4 – Gifts of certified ecologically sensitive land

		Federal		Québec	Alberta
Gifts of certified ecologically sensitive land at the end of the previous tax year			Q		
Gifts of certified ecologically sensitive land expired after 5 tax years, or after 10 tax years for gifts made after February 10, 2014*	**539**				
Gifts of certified ecologically sensitive land at the beginning of the current tax year (amount Q **minus** line 539)	**540**				
Gifts of certified ecologically sensitive land transferred on an amalgamation or the wind-up of a subsidiary	**550**				
Total current-year gifts of certified ecologically sensitive land (include this amount on line 112 of Schedule 1)	**520**				
Subtotal (line 550 **plus** line 520)			R		
Subtotal (line 540 **plus** amount R)			S		
Adjustment for an acquisition of control	**555**				
Amount applied in the current year against taxable income (enter this amount on line 314 of the T2 return)	**560**				
Subtotal (line 555 **plus** line 560)			T		
Gifts of certified ecologically sensitive land closing balance (amount S **minus** amount T)	**580**				

* For federal and Alberta tax purposes, donations and gifts made before February 11, 2014, expire after five tax years and gifts made after February 10, 2014, expire after ten tax years. For Québec tax purposes, donations and gifts made during a tax year that ended before March 24, 2006, expire after five tax years; otherwise, donation and gifts expire after twenty tax years.

Amounts carried forward – Gifts of certified ecologically sensitive land

Amount of carried forward gifts made on or after February 11, 2014, in the tax year including this date . . . . ______

Year of origin:		Federal	Québec	Alberta
1st prior year	2017-12-31			
2nd prior year	2016-12-31			
3rd prior year	2015-12-31			
4th prior year	2014-12-31			
5th prior year	2013-12-31			
6th prior year*	2012-12-31			
7th prior year	2011-12-31			
8th prior year	2010-12-31			
9th prior year	2009-12-31			
10th prior year	2008-12-31			
11th prior year*	2007-12-31			
12th prior year	2006-12-31			
13th prior year	2006-06-30			
14th prior year	2005-06-30			
15th prior year	2004-06-30			
16th prior year	2003-06-30			
17th prior year	2002-06-30			
18th prior year	2001-06-30			
19th prior year				
20th prior year				
21st prior year*				
Total				

* For federal and Alberta tax purposes, donations and gifts made before February 11, 2014, that are included on line *6th prior year* and gifts that are included on line *11th prior year* expire automatically in the current year.

The field "Amount of carried forward gifts made on or after February 11, 2014, in the tax year including this date" is used to distinguish the portion of the gifts made in the tax year straddling February 11, 2014, that expires after ten tax years, from the portion that expires in the current tax year.

For Québec tax purposes, donations and gifts made during a tax year that ended before March 24, 2006, that are included on line *6th prior year* and gifts that are included on line *21st prior year* expire automatically in the current tax year.

Part 5 – Additional deduction for gifts of medicine

		Federal		Québec	Alberta
Additional deduction for gifts of medicine at the end of the previous tax year			U		
Additional deduction for gifts of medicine expired after 5 tax years*	**639**				
Additional deduction for gifts of medicine at the beginning of the current tax year (amount U **minus** line 639)	**640**				
Additional deduction for gifts of medicine made before March 22, 2017 transferred on an amalgamation or the wind-up of a subsidiary	**650**				
Additional deduction for gifts of medicine made before March 22, 2017:					
Proceeds of disposition	**602**				
Cost of gifts of medicine made before March 22, 2017	**601**				
Subtotal (line 602 **minus** line 601)			V		
Amount V **multiplied** by 50 %			W		
Eligible amount of gifts	**600**				

Federal

a ______ x (b ______ / c) = Additional deduction for gifts of medicine made before March 22, 2017 **610** ______

Québec

a ______ x (b ______ / c) = Additional deduction for gifts of medicine made before March 22, 2017 ______

Alberta

a ______ x (b ______ / c) = Additional deduction for gifts of medicine made before March 22, 2017 ______

where:

a is the **lesser** of line 601 and amount W

b is the eligible amount of gifts (line 600)

c is the proceeds of disposition (line 602)

		Federal		Québec	Alberta
Subtotal (line 650 **plus** line 610)			X		
Subtotal (line 640 **plus** amount X)			Y		
Adjustment for an acquisition of control	**655**				
Amount applied in the current year against taxable income (enter this amount on line 315 of the T2 return)	**660**				
Subtotal (line 655 **plus** line 660)			Z		
Additional deduction for gifts of medicine closing balance (amount Y **minus** amount Z)	**680**				

* For federal and Alberta tax purposes, donations and gifts expire after five tax years. For Québec tax purposes, donations and gifts made in a tax year that ended before March 19, 2007, expire after five tax years; otherwise, donations and gifts expire after twenty tax years.

Amounts carried forward – Additional deduction for gifts of medicine

Year of origin:		Federal	Québec	Alberta
1st prior year	2017-12-31			
2nd prior year	2016-12-31			
3rd prior year	2015-12-31			
4th prior year	2014-12-31			
5th prior year	2013-12-31			
6th prior year*	2012-12-31			
7th prior year	2011-12-31			
8th prior year	2010-12-31			
9th prior year	2009-12-31			
10th prior year	2008-12-31			
11th prior year	2007-12-31			
12th prior year	2006-12-31			
13th prior year	2006-06-30			
14th prior year	2005-06-30			
15th prior year	2004-06-30			
16th prior year	2003-06-30			
17th prior year	2002-06-30			
18th prior year	2001-06-30			
19th prior year				
20th prior year				
21st prior year*				
Total				

* For federal and Alberta tax purposes, donations and gifts included on line *6th prior year* expire automatically in the current tax year. For Québec tax purposes, donations and gifts made in a tax year that ended before March 19, 2007, that are included on line *6th prior year* and donations and gifts that are included on line *21st prior year* expire automatically in the current tax year.

Québec – Gifts of musical instruments

Gifts of musical instruments at the end of the previous tax year		A
Deduct: Gifts of musical instruments expired after twenty tax years		B
Gifts of musical instruments at the beginning of the tax year		C
Add:		
Gifts of musical instruments transferred on an amalgamation or the wind-up of a subsidiary		D
Total current-year gifts of musical instruments		E
Subtotal (line D **plus** line E)		F
Deduct: Adjustment for an acquisition of control		G
Total gifts of musical instruments available		H
Deduct: Amount applied against taxable income (enter this amount on line 255 of form CO-17)		I
Gifts of musical instruments closing balance		J

Amounts carried forward – Gifts of musical instruments

Year of origin:		Québec
1st prior year	2017-12-31	
2nd prior year	2016-12-31	
3rd prior year	2015-12-31	
4th prior year	2014-12-31	
5th prior year	2013-12-31	
6th prior year*	2012-12-31	
7th prior year	2011-12-31	
8th prior year	2010-12-31	
9th prior year	2009-12-31	
10th prior year	2008-12-31	
11th prior year	2007-12-31	
12th prior year	2006-12-31	
13th prior year	2006-06-30	
14th prior year	2005-06-30	
15th prior year	2004-06-30	
16th prior year	2003-06-30	
17th prior year	2002-06-30	
18th prior year	2001-06-30	
19th prior year		
20th prior year		
21st prior year*		
Total		

* These gifts expired in the current year.

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Schedule 3

Dividends Received, Taxable Dividends Paid, and Part IV Tax Calculation

Corporation's name	Business number	Tax year-end Year Month Day
Kitchener-Wilmot Hydro Inc.	86360 3726 RC0001	2018-12-31

- Corporations must use this schedule to report:
  - non-taxable dividends under section 83;
  - deductible dividends under subsection 138(6);
  - taxable dividends deductible from income under section 112, subsection 113(2) and paragraphs 113(1)(a), (a.1), (b) or (d); or
  - taxable dividends paid in the tax year that qualify for a dividend refund (see page 3).
- All legislative references are to the federal Income Tax Act.
- The calculations in this schedule apply only to private or subject corporations.
- A recipient corporation is **connected** with a payer corporation at any time in a tax year, if at that time the recipient corporation:
  - controls the payer corporation, other than because of a right referred to in paragraph 251(5)(b); or
  - owns more than 10% of the issued share capital (with full voting rights), and shares that have a fair market value of more than 10% of the fair market value of all shares of the payer corporation.
- If you need more space, continue on a separate schedule.
- File this schedule with your T2 Corporation Income Tax Return.
- Column A1 – Enter "X" if dividends received from a foreign source.
- Column F1 – Enter the code that applies to the deductible taxable dividend.

Part 1 – Dividends received in the tax year

- Do **not** include dividends received from foreign non-affiliates.
- Complete columns B, C, D, H and I **only if** the payer corporation is **connected.**

Important instructions to follow if the payer corporation is connected

- If your corporation's tax year-end is different than that of the **connected** payer corporation, dividends could have been received from more than one tax year of the payer corporation. If so, **use a separate line** to provide the information according to each tax year of the payer corporation.
- When completing column J and K use the **special calculations provided in the notes**.

	A Name of payer corporation (from which the corporation received the dividend)	A1	B Enter 1 if payer corporation is **connected**	C Business Number of **connected** corporation	D Tax year-end of the payer corporation in which the sections 112/113 and subsection 138(6) dividends in column F were paid YYYYMMDD	E Non-taxable dividends under section 83
	200		205	210	220	230
1			2			

Total of column E (enter amount on line 402 of Schedule 1) ____

Part 1 – Dividends received in the tax year (continued)

	F Taxable dividends deductible from taxable income under section 112, subsections 113(2) and 138(6), and paragraphs 113(1)(a), (a.1),(b), or (d)[note 1] **240**	F1	G Eligible dividends included in column F **242**	H Total taxable dividends paid by **connected** payer corporation (for tax year in column D) **250**	I Dividend refund of the **connected** payer corporation (for tax year in column D)[note 2] **260**	J Part IV tax for eligible dividends. Dividends (from column G) **multiplied** by 38 1/3%[note 3] **265**	K Part IV tax before deductions. Dividends (from column F) **multiplied** by 38 1/3%[note 4] **275**
1							

Taxable dividends received from connected corporations (total amounts from column F with code 1 in column B) . . . . ______ 1A

Taxable dividends received from non-connected corporations (total amounts from column F with code 2 in column B) . . . . ______ 1B

Subtotal (amount 1A **plus** amount 1B, include this amount on line 320 of the T2 Return) ______ 1C

Eligible dividends received from connected corporations (total amounts from column G with code 1 in column B) . . . . ______ 1D

Eligible dividends received from non-connected corporations (total amounts from column G with code 2 in column B) . . . . ______ 1E

Part IV tax before deductions on taxable dividends received from connected corporations (total amounts from column K with code 1 in column B) . . . . ______ 1F

Part IV tax before deductions on taxable dividends received from non-connected corporations (total amounts from column K with code 2 in column B) . . . . ______ 1G

Subtotal (amount 1F **plus** amount 1G) ______ ▶ ______ 1H

Part IV tax on eligible dividends received from connected corporations (total amounts from column J with code 1 in column B) . . . . ______ 1I

Part IV tax on eligible dividends received from non-connected corporations (total amounts from column J with code 2 in column B) . . . . ______ 1J

Subtotal (amount 1I **plus** amount 1J) ______ ▶ ______ 1K

Part IV tax before deductions on taxable dividends (other than eligible dividends) (amount 1H **minus** amount 1K) . . . . ______ 1L

1 If taxable dividends are received, enter the amount in column F, but if the corporation is not subject to Part IV tax (such as a public corporation other than a subject corporation as defined in subsection 186(3)), enter "0" in column J or column K whichever one applies. Life insurers are not subject to Part IV tax on subsection 138(6) dividends.

2 If the connected payer corporation's tax year ends after the corporation's balance-due day for the tax year (two or three months, as applicable), you have to estimate the payer's dividend refund when you calculate the corporation's Part IV tax payable.

3 For eligible dividends received from **connected** corporations, Part IV tax on dividends is equal to: column I **divided** by column H **multiplied** by column G.

4 For taxable dividends received from **connected** corporations, Part IV tax on dividends is equal to: column I **divided** by column H **multiplied** by column F.

Part 2 – Calculation of Part IV tax payable

Part IV tax on dividends received before deductions (amount 1H in part 1) 2A

Part IV.I tax payable on dividends subject to Part IV tax (from line 360 of Schedule 43) **320**

Subtotal (amount 2A **minus** line 320) ▶ 2B

Current-year non-capital loss claimed to reduce Part IV tax **330**

Non-capital losses from previous years claimed to reduce Part IV tax **335**

Current-year farm loss claimed to reduce Part IV tax **340**

Farm losses from previous years claimed to reduce Part IV tax **345**

Total losses applied against Part IV tax (total of lines 330 to 345) 2C

Amount 2C **multiplied** by 38 1 / 3 % 2D

Part IV tax payable (amount 2B **minus** amount 2D, if negative enter "0") **360**

(enter amount on line 712 of the T2 return)

If your tax year begins after 2018, complete the following part to determine the required amount of Part IV taxes payable in order to calculate the eligible refundable dividend tax on hand (ERDTOH) at the end of the tax year.

Part IV tax before deductions on taxable dividends received from connected corporations note 5 (amount 1F in part 1) 2E

Amount 4A from Schedule 43 . . . . 2F

Part IV tax payable on taxable dividends received from connected corporations (amount 2E minus amount 2F, if negative enter "0") 2G

(enter at amount L on page 7 of the T2 return)

If your tax year begins after 2018, complete the following part to determine the required amount of Part IV taxes payable in order to calculate the eligible refundable dividend tax on hand (ERDTOH) at the end of the tax year.

Part IV tax on eligible dividends received from non-connected corporations (amount 1J in part 1) 2H

Amount 4C from Schedule 43 . . . . 2I

Part IV tax payable on eligible dividends received from non-connected corporations (amount 2H minus amount 2I, if negative enter "0") 2J

(enter at amount M on page 7 of the T2 return)

5 To the extent of a dividend refund to the connected payer corporation from its eligible refundable dividend tax on hand (ERDTOH). Otherwise, the amount 2E is nil.

Part 3 – Taxable dividends paid in the tax year that qualify for a dividend refund

If your corporation's tax year-end is different than that of the connected recipient corporation, your corporation could have paid dividends in more than one tax year of the recipient corporation. If so, use a separate line to provide the information according to each tax year of the recipient corporation.

	L Name of connected recipient corporation **400**	M Business Number **410**	N Tax year-end of connected recipient corporation in which the dividends in column O were received YYYYMMDD **420**	O Taxable dividends paid to connected corporations **430**	P Eligible dividends included in column O **440**
1	Kitchener Power Corp	86360 3924 RC0001	2018-12-31	5,570,800	
2					
				5,570,800 (Total of column O)	(Total of column P)

Part 3 – Taxable dividends paid in the tax year that qualify for a dividend refund (continued)

Total taxable dividends paid in the tax year to other than connected corporations		**450**		
Eligible dividends included in line 450	**455**			
Total taxable dividends paid in the tax year that qualify for a dividend refund (total of column O **plus** line 450)		**460**	5,570,800	
Total eligible dividends paid in the tax year (total of column P **plus** line 455)		**465**		
Total non-eligible taxable dividends paid in the tax year (line 460 **minus** line 465)		**470**	5,570,800	

Complete this part to determine the following amounts in order to calculate the dividend refund.

Line 465 **multiplied** by 38 1 / 3 % (enter at amount AA on page 7 of the T2 return)		3A
Line 470 **multiplied** by 38 1 / 3 % (enter at amount DD on page 7 of the T2 return)	2,135,473	3B

Part 4 – Total dividends paid in the tax year

Complete this part **if** the total taxable dividends paid in the tax year that qualify for a dividend refund (line 460) is different from the total dividends paid in the tax year.

Total taxable dividends paid in the tax year for the purposes of a dividend refund (from above)			5,570,800	
Other dividends paid in the tax year (total of 510 to 540)				
Total dividends paid in the tax year		**500**	5,570,800	
Dividends paid out of capital dividend account	**510**			
Capital gains dividends	**520**			
Dividends paid on shares described in subsection 129(1.2)	**530**			
Taxable dividends paid to a controlling corporation that was bankrupt at any time in the year	**540**			
Subtotal (total of lines 510 to 540)		►		4A
Total taxable dividends paid in the tax year that qualify for a dividend refund (Line 500 **minus** amount 4A)			5,570,800	4B

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Schedule 5

Tax Calculation Supplementary – Corporations

Corporation's name	Business Number	Tax year-end Year Month Day
Kitchener-Wilmot Hydro Inc.	86360 3726 RC0001	2018-12-31

- Use this schedule if, during the tax year, your corporation:
  - had a permanent establishment in more than one jurisdiction (corporations that have no taxable income should only complete columns A, B and D in Part 1);
  - is claiming provincial or territorial tax credits or rebates (see Part 2); or
  - has to pay taxes, other than income tax, for Newfoundland and Labrador, or Ontario (see Part 2).
- All legislative references are to the Income Tax Regulations.
- For more information, see the T2 Corporation – Income Tax Guide.
- For the regulation number to be entered in field 100 of Part 1, see the chart below.

Part 1 – Allocation of taxable income

100 ______________________ Enter the Regulation that applies (402 to 413)

A Jurisdiction. Tick yes if the corporation had a permanent establishment in the jurisdiction during the tax year *	**B** Total salaries and wages paid in jurisdiction	**C** (B x taxable income) / G	**D** Gross revenue	**E** (D x taxable income) / H	**F** Allocation of taxable income (C + E) x 1/2** (where either G or H is nil, do not multiply by 1/2)
Newfoundland and Labrador **003** Yes ☐	**103**		**143**		
Newfoundland and Labrador Offshore **004** Yes ☐	**104**		**144**		
Prince Edward Island **005** Yes ☐	**105**		**145**		
Nova Scotia **007** Yes ☐	**107**		**147**		
Nova Scotia Offshore **008** Yes ☐	**108**		**148**		
New Brunswick **009** Yes ☐	**109**		**149**		
Quebec **011** Yes ☐	**111**		**151**		
Ontario **013** Yes ☐	**113**		**153**		
Manitoba **015** Yes ☐	**115**		**155**		
Saskatchewan **017** Yes ☐	**117**		**157**		
Alberta **019** Yes ☐	**119**		**159**		
British Columbia **021** Yes ☐	**121**		**161**		
Yukon **023** Yes ☐	**123**		**163**		
Northwest Territories **025** Yes ☐	**125**		**165**		
Nunavut **026** Yes ☐	**126**		**166**		
Outside Canada **027** Yes ☐	**127**		**167**		
Total	**129** G		**169** H		

* "Permanent establishment" is defined in subsection 400(2)

** For corporations other than those described under section 402, use the appropriate calculation described in the Regulations to allocate taxable income.

Notes:

1. After determining the allocation of taxable income, you have to calculate the corporation's provincial or territorial tax payable. For more information on how to calculate the tax for each province or territory, see the instructions for Schedule 5 in the T2 Corporation – Income Tax Guide.
2. If the corporation has provincial or territorial tax payable, complete Part 2.
3. If the corporation is a member of a partnership and the partnership had a permanent establishment in a jurisdiction, select the jurisdiction in Column A and include your proportionate share of the partnership's salaries and wages and gross revenue in columns B and D, respectively.

Part 2 – Ontario tax payable, tax credits, and rebates

Total taxable income	Income eligible for small business deduction	Provincial or territorial allocation of taxable income	Provincial or territorial tax payable before credits
7,640,411		7,640,411	878,647

Ontario basic income tax (from Schedule 500)	270	878,647			
Ontario small business deduction (from Schedule 500)	402				
Subtotal (line 270 **minus** line 402)		878,647	▶	878,647	5A
Ontario transitional tax debits (from Schedule 506)	276				
Recapture of Ontario research and development tax credit (from Schedule 508)	277				
Subtotal (line 276 **plus** line 277)			▶		5B
Gross Ontario tax (amount 5A **plus** amount 5B)				878,647	5C
Ontario resource tax credit (from Schedule 504)	404				
Ontario tax credit for manufacturing and processing (from Schedule 502)	406				
Ontario foreign tax credit (from Schedule 21)	408				
Ontario credit union tax reduction (from Schedule 500)	410				
Ontario political contributions tax credit (from Schedule 525)	415				
Ontario non-refundable tax credits (total of lines 404 to 415)			▶		5D
Subtotal (amount 5C **minus** amount 5D) (if negative, enter "0")				878,647	5E
Ontario research and development tax credit (from Schedule 508)			416	1,827	
Ontario corporate income tax payable before Ontario corporate minimum tax credit and Ontario community food program donation tax credit for farmers (amount 5E **minus** line 416) (if negative, enter "0")				876,820	5F
Ontario corporate minimum tax credit (from Schedule 510)			418		
Ontario community food program donation tax credit for farmers (from Schedule 2)			420		
Ontario corporate income tax payable (amount 5F **minus** the total of lines 418 and 420) (if negative enter "0")				876,820	5G
Ontario corporate minimum tax (from Schedule 510)	278				
Ontario special additional tax on life insurance corporations (from Schedule 512)	280				
Subtotal (line 278 **plus** line 280)			▶		5H
Total Ontario tax payable before refundable tax credits (amount 5G **plus** amount 5H)				876,820	5I
Ontario qualifying environmental trust tax credit	450				
Ontario co-operative education tax credit (from Schedule 550)	452	17,786			
Ontario apprenticeship training tax credit (from Schedule 552)	454	30,739			
Ontario computer animation and special effects tax credit (from Schedule 554)	456				
Ontario film and television tax credit (from Schedule 556)	458				
Ontario production services tax credit (from Schedule 558)	460				
Ontario interactive digital media tax credit (from Schedule 560)	462				
Ontario sound recording tax credit (from Schedule 562)	464				
Ontario book publishing tax credit (from Schedule 564)	466				
Ontario innovation tax credit (from Schedule 566)	468				
Ontario business-research institute tax credit (from Schedule 568)	470				
Ontario refundable tax credits (total of lines 450 to 470)		48,525	▶	48,525	5J
Net Ontario tax payable or refundable tax credit (amount 5I **minus** amount 5J) (if a credit, enter amount in brackets) Include this amount on line 255.			290	828,295	

Summary

Enter the total net tax payable or refundable tax credits for all provinces and territories on line 255.

Net provincial and territorial tax payable or refundable tax credits **255** 828,295

If the amount on line 255 is positive, enter the net provincial and territorial tax payable on line 760 of the T2 return.
If the amount on line 255 is negative, enter the net provincial and territorial refundable tax credits on line 812 of the T2 return.

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Schedule 7

Aggregate Investment Income and Income Eligible for the Small Business Deduction

Corporation's name	Business number	Tax year-end Year Month Day
Kitchener-Wilmot Hydro Inc.	86360 3726 RC0001	2018-12-31

- Use this schedule if you are a Canadian-controlled private corporation (CCPC) to calculate:
  - your aggregate investment income and foreign investment income, as defined in subsection 129(4), to determine the refundable portion of Part I tax, and your adjusted aggregate investment income, as defined in subsection 125(7), for the purpose of the business limit reduction
  - your **specified partnership income**, as defined in subsection 125(7), if you are a member (or **designated member**) of one or more partnerships, and
  - your income from an active business carried on in Canada eligible for the small business deduction including any **specified corporate income** as defined in subsection 125(7)
- Use this schedule if another CCPC is making an assignment of **business limit** under subsection 125(3.2) to you.
- Use this schedule if you are a corporation that is a member of a partnership to assign **specified partnership business limit** to a **designated member** under subsection 125(8).
  Note: If you are a corporation that is not a CCPC, **only** complete Table 1 (columns A1, B1, C1, G1, H1 and J1) and Table 3 to make this assignment.
- The adjusted aggregate investment income, for the purpose of the business limit reduction, also applies to a tax year of a corporation that begins before 2019 and ends after 2018 under the following circumstances:
  - the corporation's preceding tax year was, because of a transaction or event or a series of transactions or events, shorter than it would have been in the absence of that transaction, event or series, and
  - one of the reasons for the transaction, event or series was to defer the application of subsections 125(5.1), (5.2) and (7) to the corporation
- All legislative references are to the Income Tax Act.
- For more information, see **Small Business Deduction** and **Refundable Portion of Part I Tax** in Guide T4012, T2 Corporation – Income Tax Guide.
- See the notes at the end of the form.

Part 1 – Aggregate investment income

Aggregate investment income is all **world** source income.

Eligible portion of taxable capital gains for the year					002		
Eligible portion of allowable capital losses for the year (including allowable business investment losses)			012				
Net capital losses of previous years claimed on line 332 on the T2 return			022				
Subtotal (line 012 **plus** line 022)				▶			A
Line 002 **minus** amount A (if negative, enter "0")							B
Total income from property (include income from a specified investment business carried on in Canada other than income from a source outside Canada)			032	491,601			
Exempt income	042						
Amounts received from AgriInvest Fund No. 2 that were included in computing the corporation's income for the year	052						
Taxable dividends deductible (total of column F on Schedule 3 **minus** related expenses)	062						
Business income from an interest in a trust that is considered property income under paragraph 108(5)(a)	072						
Subtotal (**add** lines 042, 052, 062 and 072)		▶					C
Subtotal (line 032 **minus** amount C)				491,601 ▶		491,601	D
Amount B **plus** amount D						491,601	E
Total losses from property (include losses from a specified investment business carried on in Canada other than a loss from a source outside Canada)					082		
Amount E **minus** line 082 (if negative, enter "0") (enter on line 440 of the T2 return)					092	491,601	

Part 2 – Adjusted aggregate investment income

Eligible portion of taxable capital gains for the year (other than taxable capital gains from the disposition of an active asset note 13) . . . . **705** ____

Eligible portion of allowable capital losses for the year (including allowable business investment losses) (other than allowable capital losses from the disposition of an active asset note 13) . . . . **710** ____

Subtotal (line 705 **minus** line 710) (if negative, enter "0") ____ F

Total income from property note 14 . . . . **715** 491,601

Exempt income . . . . **720** ____

Amounts received from AgriInvest Fund No. 2 that were included in computing the corporation's income for the year . **725** ____

Dividends from connected corporations . . . . **730** ____

Business income from an interest in a trust that is considered property income under paragraph 108(5)(a) . . . . **735** ____

Subtotal (**add** lines 720, 725, 730 and 735) ____ ▶ ____ G

Subtotal (line 715 **minus** amount G) 491,601 ▶ 491,601 H

Amount F **plus** amount H 491,601 I

Total losses from property note 14 . . . . **740** ____

Amount, if any, deducted under subsection 91(4) in computing the corporation's income for the year . . . . **741** ____

Adjusted aggregate investment income (amount I **minus** line 740, **plus** line 741) (if negative, enter "0") **745** 491,601

If this is your first tax year starting after 2018, complete the following portion.

Eligible portion of taxable capital gains for each tax year that ended in the preceding calendar year (other than taxable capital gains from the disposition of an active asset note 13) . . . . ____ 2A

Eligible portion of allowable capital losses for each tax year that ended in the preceding calendar year (including allowable business investment losses)(other than allowable capital losses from the disposition of an active asset note 13) . . . . ____ 2B

Subtotal (amount 2A **minus** amount 2B) (if negative, enter "0") ____ 2C

Total income from property for each tax year that ended in the preceding calendar year note 14 . . ____ 2D

Exempt income for each tax year that ended in the preceding calendar year . . . . ____ 2E

Amounts received from AgriInvest Fund No. 2 that were included in computing the corporation's income for each tax year that ended in the preceding calendar year . . . . ____ 2F

Dividends from connected corporations for each tax year that ended in the preceding calendar year . . . . ____ 2G

Business income from an interest in a trust that is considered property income under paragraph 108(5)(a) for each tax year that ended in the preceding calendar year . . . . ____ 2H

Subtotal (**add** amounts 2E, 2F, 2G and 2H) ____ ▶ ____ 2I

Subtotal (amount 2D **minus** amount 2I) ____ ▶ ____ 2J

Amount 2C **plus** amount 2J ____ 2K

Total losses from property for each tax year that ended in the preceding calendar year note 14 . . . . ____ 2L

Amount, if any, deducted under subsection 91(4) in computing the corporation's income for each tax year that ended in the preceding calendar year . . . . **742** ____

Adjusted aggregate investment income (amount 2K **minus** amount 2L, **plus** line 742) (if negative, enter "0") . . . . **744** ____

(enter the total of line 744 and the adjusted aggregate investment income of all associated corporations on line 417 of the T2 return)

Part 3 – Foreign investment income

Foreign investment income is all income from sources **outside Canada**.

Eligible portion of taxable capital gains for the year 001

Eligible portion of allowable capital losses for the year (including allowable business investment losses) 009

Subtotal (line 001 **minus** line 009) (if negative, enter "0") J

Total income from property from a source **outside Canada** (net of related expenses) 019

Exempt income 029

Taxable dividends deductible (total of column F on Schedule 3 **minus** related expenses) 049

Business income from an interest in a trust that is considered property income under paragraph 108(5)(a) . 059

Subtotal (**add** lines 029, 049, and 059) ▶ K

Subtotal (line 019 **minus** amount K) ▶ L

Amount J **plus** amount L M

Total losses from property from a source **outside Canada** 069

Amount M **minus** line 069 (if negative, enter "0") (enter on line 445 of the T2 return) 079

Part 3A – Canadian and foreign investment income and adjusted aggregate investment income calculation

	A Canadian investment income	B Foreign investment income	C Adjusted aggregate investment income*	
Eligible portion of the taxable capital gains for the year before taking into account the capital gains reserves (federal) of Schedule 13*				1.1
Eligible portion of capital gains reserves (addition/deduction)*, **				1.2
Taxable capital gains under section 34.2 (line 275 on Schedule 73)**				1.3
Eligible portion of the taxable capital gains for the year (**add** amounts 1.1, 1.2, and 1.3)				1
Eligible portion of allowable capital losses for the year (including allowable business investment losses)*				2.1
Net capital losses of previous years (line 332 on the T2 return)				2.2
Allowable capital losses under section 34.2 (line 285 of Schedule 73)**				2.3
Allowable capital losses for the year (**add** amounts 2.1, 2.2 and 2.3)				2
Amount 1 **minus** amount 2 (if negative, enter "0")				3
Taxable dividends				4.1
Rental property income (under regulation 1100(11))				4.2
Other property income*	491,601		491,601	4.3
Property income under section 34.2 (line 280 of Schedule 73)**				4.4
Total property income (**add** amounts 4.1, 4.2, 4.3 and 4.4)	491,601		491,601	4
Exempt income				5.1
Amounts received from AgriInvest Fund No. 2 that were included in computing the corporation's income for the year				5.2
Taxable dividends deductible (total of column F on Schedule 3 **minus** related expenses)*				5.3
Business income from an interest in a trust that is considered property income under paragraph 108(5)(a)				5.4
Add amounts 5.1, 5.2, 5.3 and 5.4				5
Amount 4 **minus** amount 5	491,601		491,601	6
Amount 3 **plus** amount 6	491,601		491,601	7
Rental property losses (under regulation 1100(11))				8.1
Dividend losses				8.2
Other property losses*				8.3
Property losses under section 34.2 (line 280 of Schedule 73)**				8.4
Total property losses (**add** amounts 8.1, 8.2, 8.3 and 8.4)				8
Amount 7 **minus** amount 8 (if negative, enter "0")	491,601			9
Amount, if any, deducted under subsection 91(4) in computing the corporation's income for the year				10
Amount 7 **minus** amount 8 **plus** amount 10 (if negative, enter "0")			491,601	11

* To calculate the adjusted aggregate investment income under column C:

- On lines 1.1, 1.2 and 2.1, only capital gains and losses resulting from the disposition of property other than an active asset (as defined under subsection 125(7) ITA) are to be taken into account.
- On line 4.3, include amounts in respect of a life insurance policy that are included in computing the corporation's income for the year (even if those amounts are not included in the calculation of the corporation's investment income in column A and B) as well as the income from a specified foreign investment business.
- On line 5.3, only the dividends received from a connected corporation should be included.
- On line 8.3, include the loss from a specified foreign investment business.

For more information on the calculation of the adjusted aggregate investment income, consult notes 13 and 14 at the end of this form as well as the Help (F1).

** When an amount is entered on these lines in column B, it reduces the corresponding amount in column A. For more information, consult the Help (F1).

Net taxable dividends		**Canadian**	**Foreign**	**Total**
Taxable dividends deducted per Schedule 3				
Less: Expenses related to such dividends	**A***			
Total expenses				
Net taxable dividends				

* Column A – Enter an "X" if the expense is related to a dividend received from a connected corporation.

Part 4 – Specified partnership income

Table 1 – Specified partnership income

A	A1	1A
Is the corporation a designated member of the partnership?	Partnership name **200**	Partnership's account number
Yes ☐ No ☐		

B1	C1	D1	1D	2D	E1	F1
Total income (loss) of partnership from an active business **300**	Corporation's share of amount in column B1 **310**	Income of the corporation from providing (directly or indirectly) services or property to the partnership **311**	Prorated amounts calculated under section 34.2 note 1	Expenses the corporation incurred to earn partnership income	Adjustments (column 1D **minus** column 2D) **315**	Corporation's income (loss) in respect of the partnership note 2 (**add** columns C1, D1 and E1) **320**

Total **350** ______

G1	H1	I1	J1	K1	L1	M1
Number of days in the partnership's fiscal period **325**	Prorated business limit notes 2 and 3 (column C1 ÷ column B1) × [$ 500 000 × (column G1 ÷ 365)] (if column C1 is negative, enter "0") **330**	Specified partnership business limit **assigned to you** (from H2 in Table 2) note 5 **335**	Specified partnership business limit **assigned by you** from F3 in Table 3) note 6 **336**	Specified partnership business limit amount (column H1 **plus** column I1 **minus** column J1)	Column F1 **minus** column K1 (if negative, enter "0")	Lesser of columns F1 and K1 (if column F1 is negative, enter "0") note 4 **340**

Total **385** ______ **360** ______

Corporation's losses for the year from an active business carried on in Canada (other than as a member of a partnership) – enter as a positive amount . . . . **370** ______

Specified partnership loss of the corporation for the year – enter as a positive amount (total of all negative amounts in column F1) . . . . **380** ______

Subtotal (line 370 **plus** line 380) ______ N

Amount at line 385 or amount N, whichever is less . . . . **390** ______

Specified partnership income (line 360 **plus** line 390) . . . . **400** ______
(enter at amount R in Part 5)

Part 4 – Specified partnership income (continued)

Tables 2 and 3 are used to make an assignment of **specified partnership business limit** under subsection 125(8). A person that is a member of a partnership can make an assignment of **specified partnership business limit** under subsection 125(8) to a **designated member**.

If you are a CCPC that is a designated member and **receiving** specified partnership business limit from a person that is a member of the partnership, complete Table 2.

If you are a corporation that is a member of the partnership and **assigning** specified partnership business limit to a designated member, complete Table 3.

Table 2 – A member is assigning to you specified partnership business limit under subsection 125(8)

A2	2A	B2
Partnership name **405**	Partnership's account number	Name of the member **406**

C2	D2	E2	F2	G2	H2
Business number of the member (if applicable) **410**	Social insurance number of the member (if applicable) **411**	Trust account number of the member (if applicable) **412**	Tax year start of the member (yyyymmdd) **415**	Tax year-end of the member (yyyymmdd) **416**	Specified partnership business limit assigned to you by the member **note 7** **420**

Table 3 – You are assigning to a designated member (CCPC) specified partnership business limit under subsection 125(8)

A3	3A	B3
Partnership name **425**	Partnership's account number	Name of the designated member **426**

C3	D3	E3	F3
Business number of the designated member **430**	Tax year start of the designated member (yyyymmdd) **435**	Tax year-end of the designated member (yyyymmdd) **436**	Specified partnership business limit assigned by you to the designated member **note 8** **440**

Part 5 – Partnership income not eligible for the small business deduction

Corporation's income from active businesses carried on in Canada as a member or designated member of a partnership (after deducting related expenses) – from line 350 in Part 4 (if the net amount is negative, enter "0" on line 450)		O
Specified partnership loss (from line 380 in Part 4)		P
Subtotal (amount O **plus** amount P)		Q
Specified partnership income (from line 400 in Part 4)		R
Partnership income not eligible for the small business deduction (amount Q **minus** amount R) (enter at amount Z in Part 6) **450**		

Part 6 – Income eligible for the small business deduction

Net income for income tax purposes from line 300 of the T2 return				7,643,711	S		
Allowable business investment loss from line 406 of Schedule 1					T		
Subtotal (amount S **plus** amount T)				7,643,711	▶	7,643,711	U
Foreign business income after deducting related expenses [note 9]			500				
Taxable capital gains from line 113 of Schedule 1					V		
Net property income (line 032 [note 10] **minus** the total of lines 042, 052 and 082 [note 9] in Part 1)				491,601	W		
Personal services business income after deducting related expenses [note 9]		e1					
Other income after deducting related expenses [note 9]		e2					
Subtotal (amount e1 **plus** amount e2) [note 9]		▶	520				
Subtotal (**add** line 500, amount V, amount W and line 520)				491,601	▶	491,601	X
Net amount (amount U **minus** amount X)						7,152,110	Y
Partnership income not eligible for the small business deduction (line 450 in Part 5)					Z		
Partnership income allocated to your corporation under subsection 96(1.1)			530				
Income referred to in clause 125(1)(a)(i)(C)			540				
Income referred to in clause 125(1)(a)(i)(B) (from line 615 in Part 7)					AA		
Subtotal (**add** amount Z, line 530, line 540 and amount AA)					▶		BB
Specified corporate income (from line 625 in Part 7)							CC
Income eligible for the small business deduction (amount Y **minus** amount BB, **plus** amount CC) (enter amount DD on line 400 of the T2 return - if negative, enter "0")						7,152,110	DD

Part 7 – Specified corporate income and assignment under subsection 125(3.2)

	1EE Name of the corporation	**EE** Business number of the corporation 600	**FF** Income described under clause 125(1)(a)(i)(B) received from the corporation identified in column EE [note 11] 610	**GG** Business limit assigned **from** the corporation identified in column EE [note 12] 620
1				
			Total 615	Total 625

See the privacy statement on your return.

Notes

Note 1 Do **not** include expenses that were deducted in computing the income of the corporation in column D1.

In general, amounts included under subsections 34.2(2) and 34.2(3) or claimed under subsection 34.2(4) are deemed to have the **same character** and be in the **same proportions** as the partnership income they relate to. For example, if a corporation receives $100,000 of partnership income for the partnership's fiscal period ending in its tax year, and that income is made up of $40,000 of active business income, $30,000 of income from property, and $30,000 as a taxable capital gain, the corporation's adjusted stub period accrual (ASPA) in respect of the partnership would be 40% active business income, 30% property income, and 30% taxable capital gains. Add or deduct only the portion of the following amounts that are characterized as **active business income** in accordance with subsection 34.2(5):

Add:

– the ASPA under subsection 34.2(2) (column 4 of Schedule 73)
– the income inclusion for a new corporate member of a partnership under subsection 34.2(3) (column 6 of Schedule 73)
– the previous-year transitional reserve under subsection 34.2(12) (column 12 of Schedule 73)

Deduct:

– the previous-year ASPA under subsection 34.2(4) (column 5 of Schedule 73)
– the previous-year income inclusion for a new corporate member of a partnership under subsection 34.2(4) (column 7 of Schedule 73)

Note 2 When a partnership carries on more than one business, one of which generates income and another of which realizes a loss, the loss is **not** netted against the partnership's income when calculating the prorated business limit (column H1). Enter on line 380 the total of all losses from column F1.

Note 3 **If** you are a **designated member** of the partnership, enter "0".

Note 4 You must enter "0" **if** the partnership provides services or property to either:

(A) a private corporation (directly or indirectly in any manner whatever) in the year, if:
- you (or one of your shareholders) or a person that does **not** deal at arm's length with you (or one of your shareholders) holds a direct or indirect interest in the private corporation, and
- it is not the case that all or substantially all of the partnership's income for the year from an active business is from providing services or property to
  – persons (other than the private corporation) that deal at arm's length with the partnership and each person that holds a direct or indirect interest in the partnership, or
  – partnerships with which the partnership deals at arm's length, other than a partnership in which a person that does **not** deal at arm's length with you holds a direct or indirect interest, or

(B) a particular partnership (directly or indirectly in any manner whatever) in the year, if:
- you (or one of your shareholders) do **not** deal at arm's length with the particular partnership or a person that holds a direct or indirect interest in the particular partnership, and
- it is not the case that all or substantially all of the partnership's income for the year from an active business is from providing services or property to
  – persons that deal at arm's length with the partnership and each person that holds a direct or indirect interest in the partnership, or
  – partnerships (other than the particular partnership) with which the partnership deals at arm's length, other than a partnership in which a person that does **not** deal at arm's length with you holds a direct or indirect interest.

Note 5 If you are a CCPC that is a **designated member** receiving an assignment of **specified partnership business limit,** complete Table 2 to determine the amounts to enter in Table 1 column I1.

Note 6 If you are a corporation that is a **member** of the partnership and you are assigning **specified partnership business limit**, complete Table 3 to determine the amounts to enter in Table 1 column J1.

Note 7 Add the amounts in column H2 that are for the same partnership and enter it in Table 1 column I1, in the row of the applicable partnership.

Note 8 Add the amounts in column F3 that are for the same partnership and enter it in Table 1 column J1, in the row of the applicable partnership. This amount **cannot** be higher than the amount of prorated business limit you would otherwise be entitled to in Table 1 column H1 for that partnership.

Note 9 If negative, enter amount in brackets, and **add** instead of subtracting.

Note 10 Net of related expenses.

Note 11 This amount is [as defined in subsection 125(7) **specified corporate income** (a)(i)] the total of all amounts, each of which is your income from an active business for the year from providing services or property to a private corporation (directly or indirectly, in any manner whatever) if

(A) at any time in the year, you (or one of your shareholders) or a person that does **not** deal at arm's length with you (or one of your shareholders) holds a direct or indirect interest in the private corporation, and

(B) it is not the case that all or substantially all of your income for the year from an active business is from providing services or property to
  (I) persons (other than the private corporation) with which you deal at arm's length, or
  (II) partnerships with which you deal at arm's length, other than a partnership in which a person that does **not** deal at arm's length with you holds a direct or indirect interest.

Do **not** include specified farming or fishing income. If the conditions described in subsection 125(10) are met, do not include income from an associated corporation.

Note 12 The amount of business limit that a CCPC can assign to you cannot be greater than the amount in column FF that is from providing services or property **directly** to that CCPC. If there is an amount included in column FF that is deductible by that CCPC in respect of the amount of its income referred to in clause 125(1)(a)(i)(A) or (B) for its tax year, you need to deduct it from column FF for the purpose of determining the amount that can be assigned to you.

Notes (continued)

Note 13 Active asset, of a particular corporation at any time, means property that is:

(A) used at that time principally in an active business carried on primarily in Canada by the particular corporation or by a Canadian-controlled private corporation that is related to the particular corporation,

(B) a share of the capital stock of another corporation if, at that time,

- the other corporation is connected with the particular corporation (within the meaning assigned by subsection 186(4) on the assumption that the other corporation is at that time a payer corporation within the meaning of that subsection), and
- the share would be a qualified small business corporation share (as defined in subsection 110.6(1)) if:
  – the references in that definition to an "individual" were references to the particular corporation, and
  – that definition were read without reference to "the individual's spouse or common-law partner", or

(C) an interest in a partnership, if:

- at that time, the fair market value of the particular corporation's interest in the partnership is equal to or greater than 10% of the total fair market value of all interests in the partnership,
- throughout the 24-month period ending before that time, more than 50% of the fair market value of the property of the partnership was attributable to property described in this paragraph or in paragraph (A) or (B), and
- at that time, all or substantially all of the fair market value of the property of the partnership was attributable to property described in this paragraph or in paragraph (A) or (B).

Note 14 Income or loss from property of a particular corporation, for the purposes of calculating the corporation's adjusted aggregate investment income, includes income or loss from a specified investment business, as well as all amounts in respect of a life insurance policy that are included in computing the corporation’s income for the year (even if those amounts were not included in the computation of the corporation’s aggregate investment income in Part 1).

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Schedule 8

Capital Cost Allowance (CCA)

Corporation's name	Business number	Tax year-end Year Month Day
Kitchener-Wilmot Hydro Inc.	86360 3726 RC0001	2018-12-31

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

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

	1 Class number * See note 1 **200**	Description	2 Undepreciated capital cost (UCC) at the beginning of the year **201**	3 Cost of acquisitions during the year (new property must be available for use) See note 2 **203**	4 Cost of acquisitions from column 3 that are accelerated investment incentive properties (AIIP) See note 3 **225**	5 Adjustments and transfers See note 4 **205**	6 Amount from column 5 that is assistance received or receivable during the year for a property, subsequent to its disposition See note 5 **221**	7 Amount from column 5 that is repaid during the year for a property, subsequent to its disposition See note 6 **222**	8 Proceeds of dispositions See note 7 **207**	For tax years ending before November 21, 2018: 50% rule (1/2 of net acquisitions) **211**
1.	1		80,928,209						0	
2.	1b		10,129,631	750,133					0	
3.	2		6,218,471						0	
4.	3		2,114,861						0	
5.	8		4,082,678	1,292,326	17,110				232	
6.	10		1,132,200	1,128,142	70,787				131,425	
7.	17		257,834						0	
8.	45		1,076						0	
9.	46		9,992						0	
10.	47		87,392,491	12,064,905					2,800	
11.	50		268,610	868,636	372,841				1,870	
12.	95	Work in Process	4,342,796			-719,763			0	
13.	94	Assets not in service	1,263,546	100,224					0	
		Totals	198,142,395	16,204,366	460,738	-719,763			136,327	

	1 Class number * See note 1 200	Des-crip-tion	9 UCC (column 2 **plus** column 3 **plus** or **minus** column 5 **minus** column 8) See note 8	10 Proceeds of disposition available to reduce the UCC of AIIP (column 8 **plus** column 6 **minus** column 3 **plus** column 4 **minus** column 7) (if negative, enter "0")	11 Net capital cost additions of AIIP acquired during the year (column 4 **minus** column 10) (if negative, enter "0")	12 UCC adjustment for AIIP acquired during the year (column 11 **multiplied** by the relevant factor) See note 9	13 UCC adjustment for non-AIIP acquired during the year (0.5 **multiplied** by the result of column 3 **minus** column 4 **minus** column 6 **plus** column 7 **minus** column 8) (if negative, enter "0") See note 10 224	14 CCA rate % See note 11 212	15 Recapture of CCA See note 12 213	16 Terminal loss See note 13 215	17 CCA (for declining balance method, the result of column 9 **plus** column 12 **minus** column 13, **multiplied** by column 14 or a lower amount) See note 14 217	18 UCC at the end of the year (column 9 **minus** column 17) 220
1.	1		80,928,209					4	0	0	3,237,128	77,691,081
2.	1b		10,879,764				375,067	6	0	0	630,282	10,249,482
3.	2		6,218,471					6	0	0	373,108	5,845,363
4.	3		2,114,861					5	0	0	105,743	2,009,118
5.	8		5,374,772		17,110	8,555	637,492	20	0	0	949,167	4,425,605
6.	10		2,128,917		70,787	35,394	462,965	30	0	0	510,404	1,618,513
7.	17		257,834					8	0	0	20,627	237,207
8.	45		1,076					45	0	0	484	592
9.	46		9,992					30	0	0	2,998	6,994
10.	47		99,454,596				6,031,053	8	0	0	7,473,883	91,980,713
11.	50		1,135,376		372,841	186,421	246,963	55	0	0	591,159	544,217
12.	95	Work i	3,623,033					0	0	0		3,623,033
13.	94	Assets	1,363,770				50,112	0	0	0		1,363,770
		Totals	213,490,671		460,738	230,370	7,803,652				13,894,983	199,595,688

Enter the total of column 15 on line 107 of Schedule 1.
Enter the total of column 16 on line 404 of Schedule 1.
Enter the total of column 17 on line 403 of Schedule 1.

Note 1. If a class number has not been provided in Schedule II of the Income Tax Regulations for a particular class of property, use the subsection provided in Regulation 1101. Class numbers followed by a letter indicate the basic rate of the class taking into account the additional deduction allowed. Class 1a: 4% + 6% = 10% (class 1 to 10%), class 1b: 4% + 2% = 6% (class 1 to 6%).

Note 2. Include any property acquired in previous years that has now become available for use. This property would have been previously excluded from column 3. List separately any acquisitions of property in the class that are not subject to the 50% rule. See Income Tax Folio S3-F4-C1, General Discussion of Capital Cost Allowance, for exceptions to the 50% rule.

Note 3. An accelerated investment incentive property (AIIP) is a property (other than property included in Class 54 or 55) that you acquired after November 20, 2018 and became available for use before 2028. See the T2 Corporation Income Tax Guide for more information. Classes 54 and 55 include property that is a zero-emission vehicle you acquired after March 18, 2019 and became available for use before 2028.

Note 4. Enter in column 5, "Adjustments and transfers", amounts that increase or reduce the undepreciated capital cost (column 9). Items that increase the undepreciated capital cost include amounts transferred under section 85, or transferred on amalgamation or winding-up of a subsidiary. Items that reduce the undepreciated capital cost (show amounts that reduce the undepreciated capital cost in brackets) include government assistance received or entitled to be received in the year, or a reduction of capital cost after the application of section 80. See the T2 Corporation Income Tax Guide for other examples of adjustments and transfers to include in column 5.

Note 5. Include all amounts of assistance you received (or were entitled to receive) after the disposition of a depreciable property that would have decreased the capital cost of the property by virtue of paragraph 13(7.1)(f) if received before the disposition.

Note 6. Include all amounts you have repaid during the year with respect to any legally required repayment, made after the disposition of a corresponding property, of:

- assistance that would have otherwise increased the capital cost of the property under paragraph 13(7.1)(d); and
- an inducement, assistance or any other amount contemplated in paragraph 12(1)(x) received, that otherwise would have increased the capital cost of the property under paragraph 13(7.4)(b).

Also include the UCC of each property of a prescribed class acquired in the course of a corporate reorganization described under paragraph 55(3)(b) of the Act (also known as "butterfly reorganization") or in a non-arm's length transaction (other than by virtue of a right referred to in paragraph 251(5)(b) of the Act) if the property was a depreciable property acquired by the transferor less than 364 days before the end of your tax year.

Note 7. For each property disposed of during the year, deduct from the proceeds of disposition any outlays and expenses to the extent that they were made or incurred for the purpose of making the disposition(s). The amount reported in respect of the property cannot exceed the property's capital cost, unless that property is a timber resource property as defined in subsection 13(21).

Note 8. If the amount in column 5 reduces the undepreciated capital cost (i.e. it is shown in brackets), you must subtract it for the purposes of the calculation. Otherwise, add the amount in column 5 for the purposes of the calculation.

Note 9. The relevant factors for AIIP of a class in Schedule II and for property included in classes 54 and 55, available for use before 2024, are:

- 2 1/3 for property in Classes 43.1 and 54;
- 1 1/2 for property in Class 55;
- 1 for property in Classes 43.2 and 53;
- 0 for property in Classes 12, 13, 14, and 15, as well as properties that are Canadian vessels included in paragraph 1100(1)(v) of the Regulations (see note 14 for additional information); and
- 0.5 for all other property that is AIIP.

Note 10. The UCC adjustment for non-AIIP acquired during the year (formerly known as the half-year rule or 50% rule) does not apply to certain property (including AIIP). For special rules and exceptions, see Income Tax Folio S3-F4-C1, General Discussion of Capital Cost Allowance.

Note 11. Enter a rate only if you are using the declining balance method. For any other method (for example the straight-line method, where calculations are always based on the cost of acquisitions), enter N/A. Then enter the amount you are claiming in column 17.

Note 12. If the amount in column 9 is negative, you have a recapture of CCA. If applicable, enter the negative amount from column 9 in column 15 as a positive. The recapture rules do not apply to passenger vehicles in Class 10.1.

Note 13. If no property is left in the class at the end of the tax year and there is still a positive amount in the column 9, you have a terminal loss. If applicable, enter the positive amount from column 9 in column 16. The terminal loss rules do not apply to:

- passenger vehicles in Class 10.1;
- property in Class 14.1, unless you have ceased carrying on the business to which it relates; or
- limited-period franchises, concessions, or licences in Class 14 if, at the time of acquisition, the property was a former property of the transferor or any similar property attributable to the same fixed place of business, and you had jointly elected with the transferor to have the replacement property rules apply.

Note 14. If the tax year is shorter than 365 days, prorate the CCA claim. Some classes of property do not have to be prorated. See the T2 Corporation Income Tax Guide for more information. For property in class 10.1 disposed of during the year, deduct a maximum of 50% of the regular CCA deduction if you owned the property at the beginning of the tax year. For AIIP listed below, the maximum first year allowance you can claim is determined as follows:

- Class 13: the lesser of 150% of the amount calculated in Schedule III of the Regulations and the UCC at the end of the tax year (before any CCA deduction).
- Class 14: the lesser of 150% of the allocation for the year of the capital cost of the property apportioned over the remaining life of the property (at the time the cost was incurred) and the UCC a the end of the tax year (before any CCA deduction).
- Class 15: the lesser of 150% of an amount computed on the basis of a rate per cord, board foot or cubic metre cut in the tax year and the UCC at the end of the tax year (before any CCA deduction).
- Canadian vessels described under paragraph 1100(1)(v) of the Regulations: the lesser of 50% of the capital cost of the property and the UCC at the end of the tax year (before any CCA deduction).
- Class 41.2: use a 25% CCA rate. The additional allowance under paragraph 1100(1)(y.2)(for single mine properties) and 1100(1)(ya.2 (for multiple mine properties) of the Regulations is not eligible for the accelerated investment incentive. The additional allowance in respect of natural gas liquefaction under paragraph 1100(1)(yb) of the Regulations is eligible for the accelerated investment incentive.
- Property (other than a timber resource property) that is a timber limit or a right to cut timber from a limit: 150% of the amount determined by first subtracting the total of the residual value of the timber limit and all amounts you expended for the 1949 or later tax years for surveys, cruises or preparation of prints, maps or plans for the purpose of obtaining a licence or right to cut timber from the capital cost of the limit or right, and then dividing the result by the quantity of timber in the limit or the quantity of timber you have the right to cut.
- Industrial mineral mine or a right to remove industrial minerals from an industrial mineral mine: 150% of the amount determined by first subtracting the residual value, if any, of the mine or right from the capital cost of the mine or right, and then dividing the result by the number of units of commercially mineable material estimated to be in the mine when the mine or right was acquired (alternatively, if you have acquired a right to remove only a specified number of units, that number of units that you acquired a right to remove).

Fixed Assets Reconciliation

Reconciliation of change in fixed assets per financial statements to amounts used per tax return.

Tax return

Additions for tax purposes – Schedule 8 regular classes		16,204,366		
Additions for tax purposes – Schedule 8 leasehold improvements	+			
Operating leases capitalized for book purposes	+			
Capital gain deferred	+			
Recapture deferred	+			
Deductible expenses capitalized for book purposes – Schedule 1	+			
Other (specify):				
Subsection 13(7.4) election	+	4,696,647		
SRED capitalized for accounting	+	11,968		
Pension cost capitalized for accounting, deductible for tax	+	444,042		
Total additions per books	=	21,357,023	▶	21,357,023
Proceeds up to original cost – Schedule 8 regular classes		136,327		
Proceeds up to original cost – Schedule 8 leasehold improvements	+			
Proceeds in excess of original cost – capital gain	+			
Recapture deferred – as above	+			
Capital gain deferred – as above	+			
Pre V-day appreciation	+			
Other (specify):				
Decrease in WIP	+	719,763		
Small Difference	+	-509	–	
Total proceeds per books	=	855,581	▶	855,581
Depreciation and amortization per accounts – Schedule 1			–	9,789,672
Loss on disposal of fixed assets per accounts			–	
Gain on disposal of fixed assets per accounts			+	128,387
Net change per tax return			=	10,840,157

Financial statements

Fixed assets (excluding land) per financial statements

Closing net book value		242,210,131
Opening net book value	–	231,369,974
Net change per financial statements	=	10,840,157

If the amounts from the tax return and the financial statements differ, explain why below.

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SCHEDULE 9

RELATED AND ASSOCIATED CORPORATIONS

Name of corporation	Business Number	Tax year end Year Month Day
Kitchener-Wilmot Hydro Inc.	86360 3726 RC0001	2018-12-31

- Complete this schedule if the corporation is related to or associated with at least one other corporation.
- For more information, see the *T2 Corporation Income Tax Guide*.

	Name 100	Country of residence (other than Canada) 200	Business number (see note 1) 300	Relationship code (see note 2) 400	Number of common shares you own 500	% of common shares you own 550	Number of preferred shares you own 600	% of preferred shares you own 650	Book value of capital stock 700
1.	Kitchener Power Corporation		86360 3924 RC0001	1					
2.	Corporation of the City of Kitchener		NR	3					
3.	KITCHENER ENERGY SERVICES		86375 9098 RC0001	3					

Note 1: Enter "NR" if the corporation is not registered or does not have a business number.

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

T2 SCH 9 (11)

Canada

Continuity of financial statement reserves (not deductible)

Financial statement reserves (not deductible)

	Description	Balance at the beginning of the year	Transfer on an amalgamation or the wind-up of a subsidiary	Add	Deduct	Balance at the end of the year
1	Employee Future Benefits	5,213,000		5,304,000	5,213,000	5,304,000
2						
	Reserves from Part 2 of Schedule 13					
	Totals	5,213,000		5,304,000	5,213,000	5,304,000

The total opening balance plus the total transfers should be entered on line 414 of Schedule 1 as a deduction.
The total closing balance should be entered on line 126 of Schedule 1 as an addition.

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Schedule 15

Deferred Income Plans

Corporation's name	Business number	Tax year end Year Month Day
Kitchener-Wilmot Hydro Inc.	86360 3726 RC0001	2018-12-31

- Complete the information below if the corporation deducted payments from its income made to a registered pension plan (RPP), a registered supplementary unemployment benefit plan (RSUBP), a deferred profit sharing plan (DPSP), a pooled registered pension plan (PRPP), or an employee profit sharing plan (EPSP).
- If the trust that governs an employee profit sharing plan is **not resident** in Canada, please indicate if the T4PS, *Statement of Employees Profit Sharing Plan Allocations and Payments*, Supplementary slip(s) were filed for the last calendar year, and whether they were filed by the trustee or the employer.

	Type of plan (see note 1) 100	Amount of contribution $ (see note 2) 200	Registration number (RPP, RSUBP, PRPP, and DPSP only) 300	Name of EPSP trust 400	Address of EPSP trust 500	T4PS slip(s) (see note 3) 600
1	1	1,600,836	304091			

Note 1

Enter the applicable code number:

1 – RPP
2 – RSUBP
3 – DPSP
4 – EPSP
5 – PRPP

Note 2

You do not need to add to Schedule 1 any payments you made to deferred income plans. To reconcile such payments, calculate the following amount:

Total of all amounts indicated in column 200 of this schedule	1,600,836	A
Less:		
Total of all amounts for deferred income plans deducted in your financial statements	1,156,794	B
Deductible amount for contributions to deferred income plans (amount A **minus** amount B) (if negative, enter "0")	444,042	C

Enter amount C on line 417 of Schedule 1

Note 3

T4PS slip(s) filed by:
1 – Trustee
2 – Employer (EPSP only)

T2 SCH 15 (13)

Canada

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Schedule 23

Agreement Among Associated Canadian-Controlled Private Corporations to Allocate the Business Limit

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

Column 1: Enter the legal name of each of the corporations in the associated group, including those deemed to be associated under subsection 256(2) of the Income Tax Act.

Column 2: Provide the business number for each corporation (if a corporation is not registered, enter "NR").

Column 3: Enter the association code from the list below that applies to each corporation:

1 – Associated for purposes of allocating the business limit (unless association code 5 applies)
2 – CCPC that is a **third corporation** as referred to in subsection 256(2) and has filed Schedule 28, Election not to be Associated Through a Third Corporation
3 – Non-CCPC that is a **third corporation**
4 – Associated non-CCPC
5 – Associated CCPC to which association code 1 does not apply because a **third corporation** has filed Schedule 28

Column 4: Enter the business limit for the year of each corporation in the associated group. Enter "0" if the corporation has association code 2, 3 or 4 in column 3 (except if the corporation is a cooperative or a credit union eligible for the SBD and it has association code 4).

Column 5: Assign a percentage to allocate the business limit to each corporation that has association code 1 in column 3. The total of all percentages in column 5 cannot exceed 100%.

Column 6: Enter the business limit allocated to each corporation by multiplying the amount in column 4 by the percentage in column 5. Add all business limits allocated in column 6 and enter the total at line A.

Ensure that the total at line A does not exceed $500,000.

Allocating the business limit

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

Enter the calendar year to which the agreement applies . . . . **050** Year 2018

Is this an amended agreement for the above calendar year that is intended to replace an agreement previously filed by any of the associated corporations listed below? . . . . **075** ☐ Yes ☒ No

	1 Name of associated corporations **100**	2 Business number of associated corporations **200**	3 Association code **300**	4 Business limit for the year before the allocation $	5 Percentage of the business limit % **350**	6 Business limit allocated* $ **400**	
1	Kitchener-Wilmot Hydro Inc.	86360 3726 RC0001	1	500,000	100.0000	500,000	
2	Kitchener Power Corporation	86360 3924 RC0001	1	500,000			
3	Corporation of the City of Kitchener	NR	1	500,000			
4	KITCHENER ENERGY SERVICES	86375 9098 RC0001	1	500,000			
				Total	100.0000	500,000	A

Business limit reduction under subsection 125(5.1) of the Act

The business limit reduction is calculated in the small business deduction area of the T2 return. One of the factors used in this calculation is the "large corporation amount" at line 415 of the T2 return. The amount at line 415 is determined using the formula 0.225% x (D - $10,000,000). Details of this formula and variable D are in subsection 125(5.1) of the Act.

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

Special rules for business limit

Special rules apply under subsection 125(5) if a CCPC has more than one tax year ending in the same calendar year and it is associated in more than one of those tax years with another CCPC that has a tax year ending in that calendar year. The business limit for the second or later tax year will be equal to the business limit determined for the first tax year ending in the calendar year or the business limit determined for the second or later tax year ending in the same calendar year, whichever is less.

Canada Revenue Agency / Agence du revenu du Canada

Schedule 31

Investment Tax Credit – Corporations

General information

- Use this schedule:
  - to calculate an investment tax credit (ITC) earned during the tax year;
  - to claim a deduction against Part I tax payable;
  - to claim a refund of credit earned during the current tax year;
  - to claim a carryforward of credit from previous tax years;
  - to transfer a credit following an amalgamation or the wind-up of a subsidiary, as described under subsections 87(1) and 88(1);
  - to request a credit carryback to one or more previous years;
  - if you are subject to a recapture of ITC; or
  - if you are claiming:
    - the **Ontario Research and Development Tax Credit**;
    - the **Ontario Innovation Tax Credit.**
- Unless otherwise stated, all legislative references are to the *Income Tax Act* and the *Income Tax Regulations*.
- The ITC is eligible for a three-year carryback (if not deductible in the year earned). It is also eligible for a twenty-year carryforward.
- Investments or expenditures, described in subsection 127(9) and Regulation Part XLVI, that earn an ITC are:
  - qualified property and qualified resource property (Parts 4 to 7 of this schedule);
  - qualified scientific research and experimental development (SR&ED) expenditures (Parts 8 to 17). File Form T661, *Scientific Research and Experimental Development (SR&ED) Expenditures Claim*;
  - pre-production mining expenditures (Parts 18 to 20);
  - apprenticeship job creation expenditures (Parts 21 to 23); and
  - child care spaces expenditures (Parts 24 to 28).
    - Expenditures related to child care spaces incurred after March 21, 2017 no longer qualify for the investment tax credit. If you entered into a written agreement before March 22, 2017, eligible expenditures incurred before 2020 will remain eligible for the credit.
- File this schedule with the *T2 Corporation Income Tax Return*. If you need more space, attach additional schedules.
- For more information on ITCs, see "Investment Tax Credit" in Guide T4012, *T2 Corporation – Income Tax Guide* and read Information Circular IC78-4, *Investment Tax Credit Rates*, and its related Special Release.
- For more information on SR&ED, see guide T4088, *Guide to Form T661 – Scientific Research and Experimental Development (SR&ED) Expenditures Claim*.

Detailed information

- For the purpose of this schedule, **investment** means the capital cost of the property (excluding amounts added by an election under section 21), determined without reference to subsections 13(7.1) and 13(7.4), minus the amount of any government or non-government assistance that the corporation has received, is entitled to receive, or can reasonably be expected to receive for that property when it files the income tax return for the year in which the property was acquired.
- An ITC deducted or refunded in a tax year for a depreciable property, other than a depreciable property deductible under paragraph 37(1)(b), reduces both the capital cost of that property and the undepreciated capital cost of that class in the next tax year. An ITC for SR&ED deducted or refunded in a tax year will reduce the balance in the pool of deductible SR&ED expenditures and the adjusted cost base (ACB) of an interest in a partnership in the next tax year. An ITC from pre-production mining expenditures deducted in a tax year reduces the balance in the pool of deductible cumulative Canadian exploration expenses in the next tax year.
- Property acquired has to be **available for use** before a claim for an ITC can be made. See subsections 127(11.2) and 248(19) for more information.
- Expenditures for SR&ED and capital costs for a property qualifying for an ITC must be identified by the claimant on Form T661 and Schedule 31 no later than 12 months after the claimant's income tax return is due for the tax year in which it incurred the expenditures or capital costs.
- Expenditures for pre-production mining, apprenticeship, or child care space for an ITC must be identified by the claimant on Schedule 31 no later than 12 months after the claimant's income tax return is due for the tax year in which it incurred the expenditures or capital costs.
- Partnership allocations – Subsection 127(8) provides for the allocation of the amount that may reasonably be considered to be a partner's share of the ITCs of the partnership at the end of the fiscal period of the partnership. An allocation of ITCs is generally considered to be the partner's reasonable share of the ITCs if it is made in the same proportion in which the partners have agreed to share any income or loss and if section 103 is not applicable for the agreement to share any income or loss. Special rules apply to specified members of a partnership and limited partners. For more information, see Guide T4068, *Guide for the Partnership Information Return*.
- For tax purposes**,** Canada includes the **exclusive economic zone of Canada** as defined in the *Oceans Act* (which generally consists of an area of the sea that is within 200 nautical miles from the Canadian coastline), including the airspace, seabed and subsoil of that zone.
- For the purpose of this schedule, the expression **Atlantic Canada** includes the Gaspé Peninsula and the provinces of Newfoundland and Labrador, Prince Edward Island, Nova Scotia, and New Brunswick, as well as their respective offshore regions (prescribed in Regulation 4609).
- For the purpose of this schedule, **qualified property** means property in Atlantic Canada that is used primarily for manufacturing and processing, farming or fishing, logging, storing grain, or harvesting peat. Property in Atlantic Canada that is used primarily for oil and gas, and mining activities is considered qualified property only if acquired by the taxpayer **before** March 29, 2012. Qualified property includes new buildings and new machinery and equipment (prescribed in Regulation 4600), and if acquired by the taxpayer **after** March 28, 2012, new energy generation and conservation property (prescribed in Regulation 4600). Qualified property can also be used primarily to produce or process electrical energy or steam in a prescribed area (as described in Regulation 4610). See the definition of **qualified property** in subsection 127(9) for more information.

Detailed information (continued)

- For the purpose of this schedule, **qualified resource property** means property in Atlantic Canada that is used primarily for oil and gas, and mining activities, if acquired by the taxpayer **after** March 28, 2012, and **before** January 1, 2016. Qualified resource property includes new buildings and new machinery and equipment (prescribed in Regulation 4600). See the definition of **qualified resource property** in subsection 127(9) for more information.
- For the purpose of this schedule, **pre-production mining exploration expenditures** are pre-production mining expenditures incurred **after** March 28, 2012, by the taxpayer to determine the existence, location, extent, or quality of certain mineral resources in Canada, excluding expenses incurred in the exploration of an oil or gas well. See subparagraph (a)(i) of the definition of **pre-production mining expenditure** in subsection 127(9) for more information.
- For the purpose of this schedule, **pre-production mining development expenditures** are pre-production mining expenditures incurred **after** March 28, 2012, by the taxpayer to bring a new mineral resource mine in Canada into production, excluding expenses in the development of a bituminous sands deposit or an oil shale deposit. See subparagraph (a)(ii) of the definition of **pre-production mining expenditure** in subsection 127(9) for more information.

Part 1 – Investments, expenditures, and percentages

Investments	**Specified percentage**
Qualified property acquired primarily for use in Atlantic Canada	10 %
Qualified resource property acquired primarily for use in Atlantic Canada and acquired:	
– after March 28, 2012, and before 2014	10 %
– after 2013 and before 2016	5 %
– after 2015*	0 %
Expenditures	
If you are a Canadian-controlled private corporation (CCPC), this percentage may apply to the portion that you claim of the SR&ED qualified expenditure pool that does not exceed your expenditure limit (see Part 10)	35 %
Note: If your current year's qualified expenditures are more than your expenditure limit (see Part 10), the excess is eligible for an ITC calculated at the 15 % rate.	
If you are a corporation that is not a CCPC and have incurred qualified expenditures for SR&ED in any area in Canada:	
– before 2014**	20 %
– after 2013**	15 %
If you are a taxable Canadian corporation that incurred pre-production mining expenditures before March 29, 2012	10 %
If you are a taxable Canadian corporation that incurred pre-production mining exploration expenditures:	
– after March 28, 2012, and before 2013	10 %
– in 2013	5 %
– after 2013	0 %
If you are a taxable Canadian corporation that incurred pre-production mining development expenditures***:	
– after March 28, 2012, and before 2014	10 %
– in 2014	7 %
– in 2015	4 %
– after 2015	0 %
If you paid salary and wages to apprentices in the first 24 months of their apprenticeship contract for employment	10 %
If you incurred expenditures after March 18, 2007 and before March 22, 2017 (or before 2020 if you entered into a written agreement before March 22, 2017) for the creation of licensed child care spaces for the children of your employees and, potentially, for other children	25 %

* A transitional relief rate of 10% may apply to property acquired after 2013 and before 2017, if the property is acquired under a written agreement entered into before March 29, 2012, or the property is acquired as part of a **phase** of a project where the construction or the engineering and design work for the construction started before March 29, 2012. See paragraph (a.1) of the definition of **specified percentage** in subsection 127(9) for more information.

** The reduction of the rate from 20% to 15% applies to 2014 and later tax years, except that, for 2014 tax years that start before 2014, the reduction is pro-rated based on the number of days in the tax year that are after 2013.

*** A transitional relief rate may apply to expenditures incurred after 2013 and before 2016, if the expenditure is incurred under a written agreement entered into before March 29, 2012, or the expenditure is incurred as part of the development of a new mine where the construction or the engineering and design work for the construction of the new mine started before March 29, 2012. See subparagraphs (k)(ii) and (iii) of the definition of **specified percentage** in subsection 127(9) for more information.

Corporation's name	Business number	Tax year-end Year Month Day
Kitchener-Wilmot Hydro Inc.	86360 3726 RC0001	2018-12-31

Part 2 – Determination of a qualifying corporation

Is the corporation a qualifying corporation? . . . . **101** 1 Yes ☐ 2 No ☒

For the purpose of a refundable ITC, a **qualifying corporation** is defined under subsection 127.1(2). The corporation has to be a CCPC and its taxable income (before any loss carrybacks) for its previous tax year cannot be more than its **qualifying income limit** for the particular tax year. If the corporation is associated with any other corporations during the tax year, the total of the taxable incomes of the corporation and the associated corporations (before any loss carrybacks), for their last tax year ending in the previous calendar year, cannot be more than their qualifying income limit for the particular tax year.

Note: A CCPC considered associated with another corporation under subsection 256(1) will be considered **not** associated for the calculation of a refundable ITC if:

- one corporation is associated with another corporation solely because one or more persons own shares of the capital stock of both corporations; and
- one of the corporations has at least one shareholder who is not common to both corporations.

If you are a **qualifying** corporation, you will earn a **100%** refund on your share of any ITCs earned at the 35% rate on qualified **current** expenditures for SR&ED, up to the allocated expenditure limit. The 100% refund does not apply to qualified **capital** expenditures eligible for the 35% credit rate. They are only eligible for the **40%** refund*.

Some CCPCs that are **not qualifying** corporations may also earn a **100%** refund on their share of any ITCs earned at the 35% rate on qualified **current** expenditures for SR&ED, up to the allocated expenditure limit. The expenditure limit can be determined in Part 10. The 100% refund does not apply to qualified **capital** expenditures eligible for the 35% credit rate. They are only eligible for the **40%** refund*.

The 100% refund will not be available to a corporation that is an **excluded corporation** as defined under subsection 127.1(2). A corporation is an excluded corporation if, at any time during the year, it is a corporation that is either controlled by (directly or indirectly, in any manner whatever) or is related to:

a) one or more persons exempt from Part I tax under section 149;

b) Her Majesty in right of a province, a Canadian municipality, or any other public authority; or

c) any combination of persons referred to in a) or b) above.

* Capital expenditures incurred after December 31, 2013, including lease payments for property that would have been a capital expenditure if purchased directly, are **not** qualified SR&ED expenditures and are **not** eligible for an ITC on SR&ED expenditures.

Part 3 – Corporations in the farming industry

Complete this area if the corporation is making SR&ED contributions.

Is the corporation claiming a contribution in the current year to an agricultural organization whose goal is to finance SR&ED work (for example, check-off dues)? . . . . **102** 1 Yes ☐ 2 No ☒

If **yes**, complete Schedule 125, *Income Statement Information*, to identify the type of farming industry the corporation is involved in.

Contributions to agricultural organizations for SR&ED* . . . . **103** ______
Enter on line 350 of Part 8.

* Enter only contributions not already included on Form T661.
Include 80% of the contributions made **after** 2012. For contributions made **before** 2013, include all of the contributions.

Qualified Property and Qualified Resource Property

Part 4 – Eligible investments for qualified property and qualified resource property from the current tax year

Capital cost allowance class number **105**	Description of investment **110**	Date available for use **115**	Location used in Atlantic Canada (province) **120**	Amount of investment **125**

Total of investments for qualified property and qualified resource property ______ A1

Part 5 – Current-year credit and account balances – ITC from investments in qualified property and qualified resource property

ITC at the end of the previous tax year B1

Credit deemed as a remittance of co-op corporations **210**

Credit expired **215**

Subtotal (line 210 **plus** line 215) ▶ C1

ITC at the beginning of the tax year (amount B1 **minus** amount C1) **220**

Credit transferred on an amalgamation or the wind-up of a subsidiary **230**

ITC from repayment of assistance **235**

Qualified property; and qualified resource property acquired after March 28, 2012, and before January 1, 2014* (applicable part from amount A1 in Part 4) . . . . . . x 10 % = **240**

Qualified resource property acquired after December 31, 2013, and before January 1, 2016 (applicable part from amount A1 in Part 4) . . . . . x 5 % = **242**

Credit allocated from a partnership **250**

Subtotal (total of lines 230 to 250) ▶ D1

Total credit available (line 220 **plus** amount D1) E1

Credit deducted from Part I tax **260**

Credit carried back to previous years (amount H1 in Part 6) . . . . . . a

Credit transferred to offset Part VII tax liability **280**

Subtotal (total of line 260, amount a, and line 280) ▶ F1

Credit balance before refund (amount E1 **minus** amount F1) G1

Refund of credit claimed on investments from qualified property and qualified resource property (from Part 7) **310**

ITC closing balance of investments from qualified property and qualified resource property (amount G1 **minus** line 310) **320**

* Include investments acquired after 2013 and before 2017 that are eligible for transitional relief.

Part 6 – Request for carryback of credit from investments in qualified property and qualified resource property

	Year	Month	Day			
1st previous tax year				Credit to be applied	**901**	
2nd previous tax year				Credit to be applied	**902**	
3rd previous tax year				Credit to be applied	**903**	

Total of lines 901 to 903
Enter at amount a in Part 5. H1

Part 7 – Refund of ITC for qualifying corporations on investments from qualified property and qualified resource property

Current-year ITCs (total of lines 240, 242, and 250 in Part 5) I1

Credit balance before refund (from amount G1 in Part 5) J1

Refund (40 % of amount I1 or J1, whichever is less) K1

Enter amount K1 or a lesser amount on line 310 in Part 5 (also enter on line 780 of the T2 return if you do not claim an SR&ED ITC refund).

SR&ED

Part 8 – Qualified SR&ED expenditures

Current expenditures (from line 557 on Form T661)		50,365		
Contributions to agricultural organizations for SR&ED				
Deduct: Government assistance, non-government assistance, or contract payment				
Contributions to agricultural organizations for SR&ED for the federal ITC (this amount is updated to line 103 of Part 3. For more details, consult the Help.)*		+		
Current expenditures (line 557 on Form T661 **plus** line 103 in Part 3)*		50,365	**350**	50,365
Capital expenditures incurred **before** 2014 (from line 558 on Form T661)**			**360**	
Repayments made in the year (from line 560 on Form T661)			**370**	
Qualified SR&ED expenditures (total of lines 350 to 370)			**380**	50,365

* If you are claiming only contributions made to agricultural organizations for SR&ED, line 350 should equal line 103 in Part 3. Do not file Form T661.

** Capital expenditures incurred after December 31, 2013, are not qualified SR&ED expenditures. Capital cost allowance can be claimed for depreciable property acquired for use in SR&ED after 2013.

Part 9 – Components of the SR&ED expenditure limit calculation

Part 9 only applies if you are a CCPC.

Note: A CCPC considered associated with another corporation under subsection 256(1) will be considered not associated for the calculation of an SR&ED expenditure limit if:

- one corporation is associated with another corporation solely because one or more persons own shares of the capital stock of the corporation; and
- one of the corporations has at least one shareholder who is not common to both corporations.

Is the corporation associated with another CCPC for the purpose of calculating the SR&ED expenditure limit? **385** 1 Yes ☒ 2 No ☐

If you answered **no** to the question on line 385 or if you are not associated with any other corporations, complete lines 390 and 398.
If you answered **yes**, the amounts for associated corporations will be determined on Schedule 49.

Enter your taxable income for the previous tax year* (prior to any loss carrybacks applied) **390**

Enter your taxable capital employed in Canada for the previous tax year minus $10 million. If this amount is nil or negative, enter "0". If this amount is over $40 million, enter $40 million **398**

* If the tax year referred to on line 390 is less than 51 weeks, **multiply** the taxable income by the following result: 365 **divided** by the number of days in that tax year.

Part 10 – SR&ED expenditure limit for a CCPC

For a stand-alone (not associated) corporation:		$ 8,000,000	
Taxable income for the previous tax year (line 390 in Part 9) or $500,000, whichever is more	x 10 =		A2
Excess ($8,000,000 **minus** amount A2 if the taxation year ends before March 19, 2019; otherwise, enter $3,000,000) (if negative, enter "0")*			B2
$ 40,000,000 **minus** line 398 in Part 9		b	
Amount b **divided** by $ 40,000,000			C2
Expenditure limit for the stand-alone corporation (amount B2 **multiplied** by amount C2)**			D2
For an associated corporation:			
If associated, the allocation of the SR&ED expenditure limit, as provided on Schedule 49**	**400**		E2

If your tax year is less than 51 weeks, calculate the amount of the expenditure limit as follows:

Amount D2 or E2 ______ x Number of days in the tax year / 365 = 365 ______ F2

Your SR&ED expenditure limit for the year (enter amount D2, E2, or F2, whichever applies) **410**

* For taxation years ending after March 18, 2019, the taxable income is no longer taken into account in the SR&ED expenditure limit calculation. For more information, consult the Help (F1).

**Amount D2 or E2 cannot be more than $3,000,000.

Part 11 – Investment tax credits on SR&ED expenditures

Current expenditures (from line 350 in Part 8) or the expenditure limit (from line 410 in Part 10), whichever is less*	**420**		x	35 %	=		G2
Line 350 **minus** line 410 (if negative, enter "0")	**430**	50,365					

Amount from line 430		x	Number of days in the tax year before 2014 / Number of days in the tax year		x	20%	=		c
Amount from line 430**	50,365	x	Number of days in the tax year after 2013 / Number of days in the tax year	365 / 365	x	15 %	=	7,555	d

Subtotal (amount c **plus** amount d)	7,555	▶	7,555	H2
Line 410 **minus** line 350 (if negative, enter "0")		e		

Capital expenditures (line 360 in Part 8) or amount e, whichever is less*	**440**		x	35 %	=		I2
Line 360 **minus** amount e (if negative, enter "0")	**450**						

Amount from line 450		x	Number of days in the tax year before 2014 / Number of days in the tax year		x	20%	=		f
Amount from line 450**		x	Number of days in the tax year after 2013 / Number of days in the tax year	365 / 365	x	15 %	=		g

Subtotal (amount f **plus** amount g)		▶		J2

If a corporation makes a repayment of any government or non-government assistance, or contract payments that reduced the amount of qualified expenditures for ITC purposes, the amount of the repayment is eligible for a credit.

Repayments (amount from line 370 in Part 8) . . . . . ____________

Enter the amount of the repayment on the line that corresponds to the appropriate rate.

Repayment of assistance that reduced a qualifying expenditure for a CCPC***	**460**		x	35 %	=		h		
Repayment of assistance made after September 16, 2016 that reduced a qualifying expenditure incurred before 2015	**480**		x	20 %	=		i		
Repayment of assistance made after September 16, 2016 that reduced a qualifying expenditure incurred after 2014	**490**		x	15 %	=		j		
Subtotal (**add** amounts h to j)							▶		K2
Current-year SR&ED ITC (total of amounts G2 to K2; enter on line 540 in Part 12)								7,555	L2

* For corporations that are not CCPCs, enter "0" for amounts G2 and I2.

** For tax years that end after 2013, the general SR&ED ITC rate is reduced from 20% to 15%, except that, for 2014 tax years that start **before** 2014, the reduction is pro-rated based on the number of days in the tax year that are **after** 2013. For tax years that have a start date **after** 2013, **multiply** the amount by 15%.

*** If you were a Canadian-controlled private corporation (CCPC), this percentage was applied to the portion that you claimed of the SR&ED qualified expenditure pool that did not exceed your expenditure limit at the time. This percentage includes the rate under subsection 127(10.1), **additions to investment tax credit**. See subsection 127(10.1) for details about exceptions. For expenditures not eligible for this rate use line 480 or 490 as appropriate.

Part 12 – Current-year credit and account balances – ITC from SR&ED expenditures

ITC at the end of the previous tax year				M2
Credit deemed as a remittance of co-op corporations	510			
Credit expired	515			
Subtotal (line 510 **plus** line 515)			▶	N2
ITC at the beginning of the tax year (amount M2 **minus** amount N2)			520	
Credit transferred on an amalgamation or the wind-up of a subsidiary	530			
Total current-year credit (from amount L2 in Part 11)	540	7,555		
Credit allocated from a partnership	550			
Subtotal (total of lines 530 to 550)		7,555	▶ 7,555	O2
Total credit available (line 520 **plus** amount O2)			7,555	P2
Credit deducted from Part I tax	560	7,555		
Credit carried back to previous years (amount S2 in Part 13)			k	
Credit transferred to offset Part VII tax liability	580			
Subtotal (total of line 560, amount k, and line 580)		7,555	▶ 7,555	Q2
Credit balance before refund (amount P2 **minus** amount Q2)				R2
Refund of credit claimed on SR&ED expenditures (from Part 14 or 15, whichever applies)			610	
ITC closing balance on SR&ED (amount R2 **minus** line 610)			620	

Part 13 – Request for carryback of credit from SR&ED expenditures

	Year	Month	Day			
1st previous tax year				Credit to be applied	911	
2nd previous tax year				Credit to be applied	912	
3rd previous tax year				Credit to be applied	913	

Total of lines 911 to 913
Enter at amount k in Part 12. S2

Part 14 – Refund of ITC for qualifying corporations – SR&ED

Complete this part only if you are a qualifying corporation as determined on line 101 in Part 2.

Is the corporation an excluded corporation as defined under subsection 127.1(2)? . . . . **650** 1 Yes ☐ 2 No ☒

Current-year ITC (lines 540 **plus** 550 in Part 12 **minus** amount K2 in Part 11) . . . . ______ I

Refundable credits (amount I or amount R2 in Part 12, whichever is less)* . . . . ______ T2

Amount T2 or amount G2 in Part 11, whichever is less . . . . ______ U2

Net amount (amount T2 **minus** amount U2; if negative, enter "0") . . . . ______ V2

Amount V2 **multiplied** by 40 % . . . . ______ W2

Amount U2 . . . . ______ X2

Refund of ITC (amount W2 **plus** amount X2 – enter this, or a lesser amount, on line 610 in Part 12) . . . . ______ Y2

Enter the total of line 310 in Part 5 and line 610 in Part 12 on line 780 of the T2 return.

* If you are also an excluded corporation, as defined in subsection 127.1(2), this amount must be multiplied by 40%. Claim this, or a lesser amount, as your refund of ITC for amount Y2.

Part 15 – Refund of ITC for CCPCs that are not qualifying or excluded corporations – SR&ED

Complete this part only if you are a CCPC that is not a qualifying or excluded corporation as determined on line 101 in Part 2.

Credit balance before refund (amount R2 in Part 12) . . . . ______ Z2

Amount Z2 or amount G2 in Part 11, whichever is less . . . . ______ AA2

Net amount (amount Z2 **minus** amount AA2; if negative, enter "0") . . . . ______ BB2

Amount BB2 or amount I2 in Part 11, whichever is less . . . . ______ CC2

Amount CC2 **multiplied** by 40 % . . . . ______ DD2

Amount AA2 . . . . ______ EE2

Refund of ITC (amount DD2 **plus** amount EE2) . . . . ______ FF2

Enter FF2, or a lesser amount, on line 610 in Part 12 and also on line 780 of the T2 return.

Recapture – SR&ED

Part 16 – Recapture of ITC for corporations and partnerships – SR&ED

You will have a recapture of ITC in a year when **all** of the following conditions are met:

- you acquired a particular property in the current year or in any of the 20 previous tax years, and the credit was earned in a tax year ending after 1997 and did not expire before 2008;
- you claimed the cost of the property as a qualified expenditure for SR&ED on Form T661;
- the cost of the property was included in calculating your ITC or was the subject of an agreement made under subsection 127(13) to transfer qualified expenditures; and
- you disposed of the property or converted it to commercial use after February 23, 1998. This condition is also met if you disposed of or converted to commercial use a property that incorporates the particular property previously referred to.

Note:

The recapture **does not apply** if you disposed of the property to a non-arm's-length purchaser who intended to use it all or substantially all for SR&ED. When the non-arm's-length purchaser later sells or converts the property to commercial use, the recapture rules will apply to the purchaser based on the historical ITC rate of the original user.

You will report a recapture on the T2 return for the year in which you disposed of the property or converted it to commercial use. In the following tax year, add the amount of the ITC recapture to the SR&ED expenditure pool.

If you have more than one disposition for calculations 1 and 2, complete the columns for each disposition for which a recapture applies, using the calculation formats below.

Calculation 1 – If you meet all of the above conditions

Amount of ITC you originally calculated for the property you acquired, or the original user's ITC where you acquired the property from a non-arm's length party, as described in the **note** above **700**	Amount calculated using ITC rate at the date of acquisition (or the original user's date of acquisition) on either the proceeds of disposition (if sold in an arm's length transaction) or the fair market value of the property (in any other case) **710**	Amount from column 700 or 710, whichever is less

Subtotal
Enter at amount C3 in Part 17. ______ A3

Calculation 2 – Only if you transferred all or a part of the qualified expenditure to another person under an agreement described in subsection 127(13); otherwise, enter nil on line B3.

A Rate that the transferee used in determining its ITC for qualified expenditures under a subsection 127(13) agreement **720**	B Proceeds of disposition of the property if you dispose of it to an arm's length person; or, in any other case, enter the fair market value of the property at conversion or disposition **730**	C Amount, if any, already provided for in Calculation 1 (This allows for the situation where only part of the cost of a property is transferred under a subsection 127(13) agreement.) **740**	D Amount determined by the formula (A x B) – C	E ITC earned by the transferee for the qualified expenditures that were transferred **750**	F Amount from column D or E, whichever is less

Subtotal (total of column F)
Enter at amount D3 in Part 17. ______ B3

Part 16 – Recapture of ITC for corporations and partnerships – SR&ED (continued)

Calculation 3

As a member of the partnership, you will report your share of the SR&ED ITC of the partnership after the SR&ED ITC has been reduced by the amount of the recapture. If this amount is a positive amount, you will report it on line 550 in Part 12. However, if the partnership does not have enough ITC otherwise available to offset the recapture, then the amount by which reductions to ITC exceed additions (the excess) will be determined and reported on line 760.

Corporate partner's share of the excess of SR&ED ITC **760** ________
Enter at amount E3 in Part 17.

Part 17 – Total recapture of SR&ED investment tax credit

Recaptured ITC from calculation 1, amount A3 in Part 16		C3
Recaptured ITC from calculation 2, amount B3 in Part 16		D3
Recaptured ITC from calculation 3, line 760 in Part 16		E3
Total recapture of SR&ED investment tax credit (total of amounts C3 to E3) Enter at amount A8 in Part 29.		F3

Pre-Production Mining

Part 18 – Pre-production mining expenditures

Exploration information

A mineral resource that qualifies for the credit means a mineral deposit from which the principal mineral to be extracted is diamond, a base or precious metal deposit, or a mineral deposit from which the principal mineral to be extracted is an industrial mineral that, when refined, results in a base or precious metal.

In column 800, list all minerals for which pre-production mining expenditures have taken place in the tax year.

For each of the minerals reported in column 800, identify each project (in column 805), mineral title (in column 806), and mining division (in column 807) where title is registered. If there is no mineral title, identify only the project and mining division.

List of minerals 800	Project name 805

Mineral title 806	Mining division 807

Pre-production mining expenditures*

Exploration:

Pre-production mining expenditures that you incurred in the tax year (**before** January 1, 2014) for the purpose of determining the existence, location, extent, or quality of a mineral resource in Canada:

Prospecting	810	
Geological, geophysical, or geochemical surveys	811	
Drilling by rotary, diamond, percussion, or other methods	812	
Trenching, digging test pits, and preliminary sampling	813	

Development:

Pre-production mining expenditures incurred in the tax year for bringing a new mine in a mineral resource in Canada into production in reasonable commercial quantities and incurred before the new mine comes into production in such quantities:

Clearing, removing overburden, and stripping	820	
Sinking a mine shaft, constructing an adit, or other underground entry	821	

Other pre-production mining expenditures incurred in the tax year:

Description 825	Amount 826

Total of column 826 ►			A4
Total pre-production mining expenditures (total of lines 810 to 821 and amount A4)	830		
Total of all assistance (grants, subsidies, rebates, and forgivable loans) or reimbursements that the corporation has received or is entitled to receive in respect of the amounts referred to on line 830 above	832		
Excess (line 830 **minus** line 832) (if negative, enter "0")			B4
Repayments of government and non-government assistance	835		
Pre-production mining expenditures (amount B4 **plus** line 835)			C4

* A pre-production mining expenditure is defined under subsection 127(9).

Part 19 – Current-year credit and account balances – ITC from pre-production mining expenditures

ITC at the end of the previous tax year D4

Credit deemed as a remittance of co-op corporations **841**

Credit expired **845**

Subtotal (line 841 **plus** line 845) ▶ E4

ITC at the beginning of the tax year (amount D4 **minus** amount E4) **850**

Credit transferred on an amalgamation or the wind-up of a subsidiary **860**

Pre-production mining expenditures* incurred before January 1, 2013 (applicable part from amount C4 in Part 18) . . **870** x 10 % = m

Pre-production mining exploration expenditures** incurred in 2013 (applicable part from amount C4 in Part 18) . . **872** x 5 % = n

Pre-production mining development expenditures incurred in 2014 (applicable part from amount C4 in Part 18) . . **874** x 7 % = o

Pre-production mining development expenditures incurred in 2015 (applicable part from amount C4 in Part 18) . . **876** x 4 % = p

Current year credit (total of amounts m to p) **880** ▶ F4

Total credit available (total of lines 850, 860, and amount F4) G4

Credit deducted from Part I tax **885**

Credit carried back to previous years (amount I4 in Part 20) . . . . . . q

Subtotal (line 885 **plus** amount q) ▶ H4

ITC closing balance from pre-production mining expenditures (amount G4 **minus** amount H4) **890**

* Also include pre-production mining development expenditures incurred before 2014 and pre-production mining development expenditures incurred after 2013 and before 2016 that are eligible for transitional relief.

** Also include pre-production mining development expenditures incurred in 2015 if the expense is described in subparagraph (a)(ii) of the definition **pre-production mining expenditure** in subsection 127(9) of the Act because of paragraph (g.4) of the definition **Canadian exploration expense** in subsection 66.1(6) of the Act.

Part 20 – Request for carryback of credit from pre-production mining expenditures

	Year	Month	Day		
1st previous tax year				Credit to be applied	**921**
2nd previous tax year				Credit to be applied	**922**
3rd previous tax year				Credit to be applied	**923**

Total of lines 921 to 923
Enter at amount q in Part 19. I4

Apprenticeship Job Creation

Part 21 – Total current-year credit – ITC from apprenticeship job creation expenditures

If you are a related person as defined under subsection 251(2), has it been agreed in writing that you are the only employer who will be claiming the apprenticeship job creation tax credit for this tax year for each apprentice whose contract number (or social insurance number (SIN) or name) appears below? (If not, you cannot claim the tax credit.) . . . . . . **611** 1 Yes ☒ 2 No ☐

For each apprentice in their first 24 months of the apprenticeship, enter the apprenticeship contract number registered with Canada, or a province or territory, under an apprenticeship program designed to certify or license individuals in the trade. For the province, the trade must be a Red Seal trade. If there is no contract number, enter the SIN or the name of the eligible apprentice.

	A Contract number (SIN or name of apprentice) **601**	B Name of eligible trade **602**	C Eligible salary and wages* **603**	D Column C x 10 % **604**	E Lesser of column D or $ 2,000 **605**
1.	[redacted]	Powerline Technician	[redacted]	[redacted]	2,000
2.	[redacted]	Powerline Technician	[redacted]	[redacted]	2,000

	A Contract number (SIN or name of apprentice) **601**	B Name of eligible trade **602**	C Eligible salary and wages* **603**	D Column C x 10 % **604**	E Lesser of column D or $ 2,000 **605**
3.	[redacted]	Powerline Technician	[redacted]	[redacted]	849
4.	[redacted]	Powerline Technician	[redacted]	[redacted]	2,000
5.	[redacted]	Powerline Technician	[redacted]	[redacted]	1,753
6.	[redacted]	Powerline Technician	[redacted]	[redacted]	2,000
7.	[redacted]	Powerline Technician	[redacted]	[redacted]	1,640

Total current-year credit (total of column E) 12,242 A5
Enter on line 640 in Part 22.

* Other than qualified expenditure incurred, and net of any other government or non-government assistance received or to be received. **Eligible salary and wages**, and **qualified expenditures** are defined under subsection 127(9).

Part 22 – Current-year credit and account balances – ITC from apprenticeship job creation expenditures

ITC at the end of the previous tax year				B5
Credit deemed as a remittance of co-op corporations	**612**			
Credit expired after 20 tax years	**615**			
Subtotal (line 612 **plus** line 615)			▶	C5
ITC at the beginning of the tax year (amount B5 **minus** amount C5)			**625**	
Credit transferred on an amalgamation or the wind-up of a subsidiary	**630**			
ITC from repayment of assistance	**635**			
Total current-year credit (amount A5 in Part 21)	**640**	12,242		
Credit allocated from a partnership	**655**			
Subtotal (total of lines 630 to 655)		12,242	▶ 12,242	D5
Total credit available (line 625 **plus** amount D5)			12,242	E5
Credit deducted from Part I tax	**660**	12,242		
Credit carried back to previous years (amount G5 in Part 23)			r	
Subtotal (line 660 **plus** amount r)		12,242	▶ 12,242	F5
ITC closing balance from apprenticeship job creation expenditures (amount E5 **minus** amount F5)			**690**	

Part 23 – Request for carryback of credit from apprenticeship job creation expenditures

	Year Month Day			
1st previous tax year		Credit to be applied	**931**	
2nd previous tax year		Credit to be applied	**932**	
3rd previous tax year		Credit to be applied	**933**	

Total of lines 931 to 933 G5
Enter at amount r in Part 22.

Child Care Spaces

Part 24 – Eligible child care spaces expenditures

Enter the eligible expenditures that you incurred after March 18, 2007 and before March 22, 2017***** to create licensed child care spaces for the children of the employees and, potentially, for other children. You cannot be carrying on a child care services business. The eligible expenditures include:

- the cost of depreciable property (other than specified property); and
- the specified child care start-up expenditures.

Properties should be acquired and expenditures should be incurred only to create new child care spaces at a licensed child care facility.

Cost of depreciable property from the current tax year

	Capital cost allowance class number **665**	Description of investment **675**	Date available for use **685**	Amount of investment **695**
1.				

Total cost of depreciable property from the current tax year (total of column 695) **715** ____________

Specified child care start-up expenditures from the current tax year . . . . **705** ____________

Total gross eligible expenditures for child care spaces (line 715 **plus** line 705) . . . . ____________ A6

Total of all assistance (including grants, subsidies, rebates, and forgivable loans) or reimbursements that the corporation has received or is entitled to receive in respect of the amounts referred to in amount A6 . . . . **725** ____________

Excess (amount A6 **minus** line 725) (if negative, enter "0") . . . . ____________ B6

Repayments by the corporation of government and non-government assistance . . . . **735** ____________

Total eligible expenditures for child care spaces (amount B6 **plus** line 735) . . . . **745** ____________

* If you entered into a written agreement before March 22, 2017, eligible expenditures incurred before 2020 will remain eligible for the credit.

Part 25 – Current-year credit – ITC from child care spaces expenditures

The credit is equal to 25% of eligible child care spaces expenditures incurred to a maximum of $10,000 per child care space created in a licensed child care facility.

Eligible expenditures (from line 745 in Part 24) . . . . ____________ x 25 % = ____________ C6

Number of child care spaces . . . . **755** ____________ x $ 10,000 = ____________ D6

ITC from child care spaces expenditures (amount C6 or D6, whichever is less) . . . . ____________ E6

Part 26 – Current-year credit and account balances – ITC from child care spaces expenditures

ITC at the end of the previous tax year F6

Credit deemed as a remittance of co-op corporations **765**

Credit expired after 20 tax years **770**

Subtotal (line 765 **plus** line 770) ▶ G6

ITC at the beginning of the tax year (amount F6 **minus** amount G6) **775**

Credit transferred on an amalgamation or the wind-up of a subsidiary **777**

Total current-year credit (amount E6 in Part 25) **780**

Credit allocated from a partnership **782**

Subtotal (total of lines 777 to 782) ▶ H6

Total credit available (line 775 **plus** amount H6) I6

Credit deducted from Part I tax **785**

Credit carried back to previous years (amount K6 in Part 27) . . . . . . s

Subtotal (line 785 **plus** amount s) ▶ J6

ITC closing balance from child care spaces expenditures (amount I6 **minus** amount J6) **790**

Part 27 – Request for carryback of credit from child care space expenditures

	Year Month Day			
1st previous tax year	2017-12-31	Credit to be applied	**941**	
2nd previous tax year	2016-12-31	Credit to be applied	**942**	
3rd previous tax year	2015-12-31	Credit to be applied	**943**	

Total of lines 941 to 943
Enter at amount s in Part 26. K6

Recapture – Child Care Spaces

Part 28 – Recapture of ITC for corporations and partnerships – Child care spaces

The ITC will be recovered against the taxpayer's tax otherwise payable under Part I of the Act if, at any time within 60 months of the day on which the taxpayer acquired the property:

- the new child care space is no longer available; or
- property that was an eligible expenditure for the child care space is:
  - disposed of or leased to a lessee; or
  - converted to another use.

If the property disposed of is a child care space, the amount that can reasonably be considered to have been included in the original ITC (paragraph 127(27.12)(a)) . . . . **792** ____________

In the case of eligible expenditures (paragraph 127(27.12)(b)), the lesser of:

The amount that can reasonably be considered to have been included in the original ITC . . . . **795** ____________

25% of either the proceeds of disposition (if sold in an arm's length transaction) or the fair market value (in any other case) of the property . . . . **797** ____________

Amount from line 795 or line 797, whichever is less . . . . ____________ A7

Partnerships

As a member of the partnership, you will report your share of the child care spaces ITC of the partnership after the child care spaces ITC has been reduced by the amount of the recapture. If this amount is a positive amount, you will report it on line 782 in Part 26. However, if the partnership does not have enough ITC otherwise available to offset the recapture, then the amount by which reductions to ITC exceed additions (the excess) will be determined and reported on line 799 below.

Corporate partner's share of the excess of ITC **799** ____________

Total recapture of child care spaces investment tax credit (total of line 792, amount A7, and line 799) . . . . ____________ B7
Enter at amount B8 in Part 29.

Summary of Investment Tax Credits

Part 29 – Total recapture of investment tax credit

Recaptured SR&ED ITC (amount F3 in Part 17)		A8
Recaptured child care spaces ITC (amount B7 in Part 28)		B8
Total recapture of investment tax credit (amount A8 **plus** amount B8) . . . . Enter on line 602 of the T2 return.		C8

Part 30 – Total ITC deducted from Part I tax

ITC from investments in qualified property deducted from Part I tax (line 260 in Part 5)		D8
ITC from SR&ED expenditures deducted from Part I tax (line 560 in Part 12)	7,555	E8
ITC from pre-production mining expenditures deducted from Part I tax (line 885 in Part 19)		F8
ITC from apprenticeship job creation expenditures deducted from Part I tax (line 660 in Part 22)	12,242	G8
ITC from child care space expenditures deducted from Part I tax (line 785 in Part 26)		H8
Total ITC deducted from Part I tax (total of amounts D8 to H8) . . . . Enter on line 652 of the T2 return.	19,797	I8

Summary of Investment Tax Credit Carryovers

Continuity of investment tax credit carryovers

CCA class number 97 Apprenticeship job creation ITC

Current year

Addition current year (A)	Applied current year (B)	Claimed as a refund (C)	Carried back (D)	ITC end of year (A-B-C-D)
12,242	12,242			

Prior years

Taxation year	ITC beginning of year (E)	Adjustments (F)	Applied current year (G)	ITC end of year (E-F-G)
2017-12-31				
2016-12-31				
2015-12-31				
2014-12-31				
2013-12-31				
2012-12-31				
2011-12-31				
2010-12-31				
2009-12-31				
2008-12-31				*
2007-12-31				
2006-12-31				
2006-06-30				
2005-06-30				
2004-06-30				
2003-06-30				
2002-06-30				
2001-06-30				
				*
Total				

B+C+D+G **Total ITC utilized** 12,242

* The **ITC end of year** includes the amount of ITC expired from the 10th preceding year if it is before January 1, 1998, or the amount of ITC expired from the 20th preceding year if it is after December 31, 1997. Note that this credit expires at the end of the tax year and any expired credit will be posted to line 215, 515, 615, 770 or 845, as applicable, in Schedule 31 the following year.

Summary of Investment Tax Credit Carryovers

Continuity of investment tax credit carryovers

CCA class number 99 Cur. or cap. R&D for ITC

Current year

Addition current year (A)	Applied current year (B)	Claimed as a refund (C)	Carried back (D)	ITC end of year (A-B-C-D)
7,555	7,555			

Prior years

Taxation year	ITC beginning of year (E)	Adjustments (F)	Applied current year (G)	ITC end of year (E-F-G)
2017-12-31				
2016-12-31				
2015-12-31				
2014-12-31				
2013-12-31				
2012-12-31				
2011-12-31				
2010-12-31				
2009-12-31				
2008-12-31				*
2007-12-31				
2006-12-31				
2006-06-30				
2005-06-30				
2004-06-30				
2003-06-30				
2002-06-30				
2001-06-30				
				*
Total				

B+C+D+G **Total ITC utilized** 7,555

* The **ITC end of year** includes the amount of ITC expired from the 10th preceding year if it is before January 1, 1998, or the amount of ITC expired from the 20th preceding year if it is after December 31, 1997. Note that this credit expires at the end of the tax year and any expired credit will be posted to line 215, 515, 615, 770 or 845, as applicable, in Schedule 31 the following year.

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Schedule 33

Taxable Capital Employed in Canada – Large Corporations

Corporation's name	Business number	Tax year-end Year Month Day
Kitchener-Wilmot Hydro Inc.	86360 3726 RC0001	2018-12-31

- Use this schedule in determining if the total taxable capital employed in Canada of the corporation (other than a financial institution or an insurance corporation) and its related corporations is greater than $10,000,000.
- If the total taxable capital employed in Canada of the corporation and its related corporations is greater than $10,000,000, file a completed Schedule 33 with your T2 *Corporation Income Tax Return* no later than six months from the end of the tax year.
- Unless otherwise noted, all legislative references are to the *Income Tax Act* and the *Income Tax Regulations*.
- Subsection 181(1) defines the terms **financial institution**, **long-term debt**, and **reserves**.
- Subsection 181(3) provides the basis to determine the carrying value of a corporation's assets or any other amount under Part I.3 for its capital, investment allowance, taxable capital, or taxable capital employed in Canada, or for a partnership in which it has an interest.
- If the corporation was a non-resident of Canada throughout the year and carried on a business through a permanent establishment in Canada, go to Part 4, **Taxable capital employed in Canada**.

Part 1 – Capital

Add the following year-end amounts:

Reserves that have not been deducted in calculating income for the year under Part I	101			
Capital stock (or members' contributions if incorporated without share capital)	103	63,689,499		
Retained earnings	104	89,321,417		
Contributed surplus	105			
Any other surpluses	106			
Deferred unrealized foreign exchange gains	107			
All loans and advances to the corporation	108	126,769,524		
All indebtedness of the corporation represented by bonds, debentures, notes, mortgages, hypothecary claims, bankers' acceptances, or similar obligations	109			
Any dividends declared but not paid by the corporation before the end of the year	110			
All other indebtedness of the corporation (other than any indebtedness for a lease) that has been outstanding for more than 365 days before the end of the year	111			
The total of all amounts, each of which is the amount, if any, in respect of a partnership in which the corporation held a membership interest at the end of the year, either directly or indirectly through another partnership (see note below)	112			
Subtotal (**add** lines 101 to 112)		279,780,440 ▶	279,780,440	A

Note:

Line 112 is determined by the formula (A – B) x C/D (as per paragraph 181.2(3)(g)) where:

A is the total of all amounts that would be determined for lines 101, 107, 108, 109, and 111 in respect of the partnership for its last fiscal period that ends at or before the end of the year if

a) those lines applied to partnerships in the same manner that they apply to corporations, and

b) those amounts were computed without reference to amounts owing by the partnership

(i) to any corporation that held a membership interest in the partnership either directly or indirectly through another partnership, or

(ii) to any partnership in which a corporation described in subparagraph (i) held a membership interest either directly or indirectly through another partnership.

B is the partnership's deferred unrealized foreign exchange losses at the end of the period,

C is the share of the partnership's income or loss for the period to which the corporation is entitled either directly or indirectly through another partnership, and

D is the partnership's income or loss for the period.

Part 1 – Capital (continued)

Subtotal A (from page 1)			279,780,440	A
Deduct the following amounts:				
Deferred tax debit balance at the end of the year	121			
Any deficit deducted in calculating its shareholders' equity (including, for this purpose, the amount of any provision for the redemption of preferred shares) at the end of the year	122			
To the extent that the amount may reasonably be regarded as being included in any of lines 101 to 112 above for the year, any amount deducted under subsection 135(1) in calculating income under Part I for the year.	123			
Deferred unrealized foreign exchange losses at the end of the year	124			
Subtotal (**add** lines 121 to 124)			▶	B
Capital for the year (amount A **minus** amount B) (if negative, enter “0”)		190	279,780,440	

Part 2 – Investment allowance

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

A share of another corporation	401	
A loan or advance to another corporation (other than a financial institution)	402	
A bond, debenture, note, mortgage, hypothecary claim, or similar obligation of another corporation (other than a financial institution)	403	
Long-term debt of a financial institution	404	
A dividend payable on a share of the capital stock of another corporation	405	
A loan or advance to, or a bond, debenture, note, mortgage, hypothecary claim or similar obligation of, a partnership each member of which was, throughout the year, another corporation (other than a financial institution) that was not exempt from tax under this Part (otherwise than because of paragraph 181.1(3)(d)), or another partnership described in paragraph 181.2(4)(d.1)	406	
An interest in a partnership (see note 2 below)	407	
Investment allowance for the year (add lines 401 to 407)	490	

Notes:

1. Lines 401 to 405 should not include the carrying value of a share of the capital stock of, a dividend payable by, or indebtedness of a corporation that is exempt from tax under Part I.3 (other than a non-resident corporation that at no time in the year carried on business in Canada through a permanent establishment).
2. Where the corporation has an interest in a partnership held either directly or indirectly through another partnership, refer to subsection 181.2(5) for additional rules regarding the carrying value of an interest in a partnership.
3. Where a trust is used as a conduit for loaning money from a corporation to another related corporation (other than a financial institution), the loan will be considered to have been made directly from the lending corporation to the borrowing corporation. Refer to subsection 181.2(6) for special rules that may apply.

Part 3 – Taxable capital

Capital for the year (line 190)		279,780,440	C
Deduct: Investment allowance for the year (line 490)			D
Taxable capital for the year (amount C **minus** amount D) (if negative, enter "0")	500	279,780,440	

Part 4 – Taxable capital employed in Canada

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

Taxable capital for the year (line 500) 279,780,440 x Taxable income earned in Canada **610** 7,640,411 / Taxable income 7,640,411 = **Taxable capital employed in Canada** **690** 279,780,440

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

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

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

Deduct the following amounts:

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

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

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

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

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

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

Part 5 – Calculation for purposes of the small business deduction

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

Taxable capital employed in Canada (amount from line 690) . . . . ______ F

Deduct: . . . . 10,000,000 G

Excess (amount F **minus** amount G) (if negative, enter "0") ______ H

Calculation for purposes of the small business deduction (amount H x 0.225%) . . . . ______ I

Enter this amount at line 415 of the T2 return.

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SCHEDULE 50

SHAREHOLDER INFORMATION

Name of corporation	Business Number	Tax year end Year Month Day
Kitchener-Wilmot Hydro Inc.	86360 3726 RC0001	2018-12-31

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

	Name of shareholder (after name, indicate in brackets if the shareholder is a corporation, partnership, individual, or trust)	Provide only one number per shareholder			Percentage common shares	Percentage preferred shares
		Business Number (If a corporation is not registered, enter "NR")	Social insurance number	Trust number		
	100	200	300	350	400	500
1	Kitchener Power Corp	86360 3924 RC0001			100.000	
2						
3						
4						
5						
6						
7						
8						
9						
10						

Canada

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Schedule 53

General Rate Income Pool (GRIP) Calculation

Corporation's name	Business number	Tax year-end Year Month Day
Kitchener-Wilmot Hydro Inc.	86360 3726 RC0001	2018-12-31

On: 2018-12-31

- If you are a Canadian-controlled private corporation (CCPC) or a deposit insurance corporation (DIC), use this schedule to determine the general rate income pool (GRIP).
- Credit unions are **not** required to complete this schedule.
- All legislative references are to the *Income Tax Act* and the *Income Tax Regulations*.
- When an eligible dividend was paid in the tax year or there was a change in the GRIP balance, file a completed copy of this schedule with your T2 *Corporation Income Tax Return*. Do not send your worksheets with your return, but keep them in your records in case we ask to see them later.
- Subsection 89(1) defines the terms **eligible dividend**, **excessive eligible dividend designation**, **general rate income pool**, and **low rate income pool**.

Eligibility for the various additions

Answer the following questions to determine the corporation's eligibility for the various additions:

2006 addition

1. Is this the corporation's first taxation year that includes January 1, 2006? . . . ☐ Yes ☒ No
2. If not, what is the date of the taxation year end of the corporation's first year that includes January 1, 2006? Enter the date and go directly to question 4 . . . 2006-06-30
3. During that first year, was the corporation a CCPC or would it have been a CCPC if not for the election of subsection 89(11) ITA? . . . ☒ Yes ☐ No
   If the answer to question 3 is yes, complete Part "GRIP addition for 2006".

Change in the type of corporation

4. Was the corporation a CCPC during its preceding taxation year? . . . ☒ Yes ☐ No
5. Corporations that become a CCPC or a DIC . . . ☐ Yes ☒ No
   If the answer to question 5 is yes, complete Part 4.

Amalgamation (first year of filing after amalgamation)

6. Corporations that were formed as a result of an amalgamation . . . ☐ Yes ☒ No
   If the answer to question 6 is yes, answer questions 7 and 8. If the answer is no, go to question 9.
7. Was one or more of the predecessor corporations neither a CCPC nor a DIC? . . . ☐ Yes ☐ No
   If the answer to question 7 is yes, complete Part 4.
8. Was one or more of the predecessor corporation a CCPC or a DIC during the taxation year that ended immediately before amalgamation? . . . ☐ Yes ☐ No
   If the answer to question 8 is yes, complete Part 3.

Winding-up

9. Has the corporation wound-up a subsidiary in the preceding taxation year? . . . ☐ Yes ☒ No
   If the answer to question 9 is yes, answer questions 10 and 11. If the answer is no, go to Part 1.
10. Was the subsidiary neither a CCPC nor a DIC during its last taxation year? . . . ☐ Yes ☐ No
    If the answer to question 10 is yes, complete Part 4.
11. Was the subsidiary a CCPC or a DIC during its last taxation year? . . . ☐ Yes ☐ No
    If the answer to question 11 is yes, complete Part 3.

T2 SCH53 E (12/2017)

Canada

Part 1 – General rate income pool (GRIP)

GRIP at the end of the previous tax year	100				60,544,300	A
Taxable income for the year (DICs enter "0") *	110		7,640,411	B		
Amount on line 400, 405, 410, or 427 of the T2 return, whichever is less *	130					
For a CCPC, the lesser of aggregate investment income (line 440 of the T2 return) and taxable income *	140	491,601				
Subtotal (line 130 **plus** line 140)		491,601	► 491,601	C		
Income taxable at the general corporate rate (amount B **minus** amount C) (if negative enter "0")	150		7,148,810			
After-tax income (line 150 **multiplied** by 0.72 (the general rate factor for the tax year))	190				5,147,143	D
Eligible dividends received in the tax year	200					
Dividends deductible under section 113 received in the tax year	210					
Subtotal (line 200 **plus** line 210)				►		E
Becoming a CCPC (amount W5 in Part 4)	220					
Post-amalgamation (total of amounts E4 in Part 3 and amounts W5 in Part 4)	230					
Post-wind-up (total of amounts E4 in Part 3 and amounts W5 in Part 4)	240					
Subtotal (**add** lines 220, 230, and 240)	290			►		F
Subtotal (**add** amounts A, D, E, and F)					65,691,443	G
Eligible dividends paid in the previous tax year	300					
Excessive eligible dividend designations made in the previous tax year	310					
(If becoming a CCPC (subsection 89(4) applies), enter "0" on lines 300 and 310.)						
Subtotal (line 300 **minus** line 310)				►		H
GRIP before adjustment for specified future tax consequences (amount G **minus** amount H) (amount can be negative)	490				65,691,443	
Total GRIP adjustment for specified future tax consequences to previous tax years (amount N3 in Part 2)	560					
GRIP at the end of the tax year (line 490 **minus** line 560)	590				65,691,443	

Enter this amount on line 160 of Schedule 55.

***** For lines 110, 130, and 140, the income amount is the amount before considering specified future tax consequences. This phrase is defined in subsection 248(1). It includes the deduction of a loss carryback from subsequent tax years, a reduction of Canadian exploration expenses and Canadian development expenses that were renounced in subsequent tax years (e.g., flow-through share renunciations), reversals of income inclusions where an option is exercised in subsequent tax years, and the effect of certain foreign tax credit adjustments.

Part 2 – GRIP adjustment for specified future tax consequences to previous tax years

Complete this part if the corporation's taxable income of any of the previous three tax years took into account the specified future tax consequences defined in subsection 248(1) from the current tax year. Otherwise, enter "0" on line 560.

First previous tax year 2017-12-31

Taxable income before specified future tax consequences from the current tax year 7,084,311 A1

Enter the following amounts before specified future tax consequences from the current tax year:

Amount on line 400, 405, 410, or 427 of the T2 return, whichever is less . . . . ______ B1

Aggregate investment income (line 440 of the T2 return) 296,861 C1

Subtotal (amount B1 **plus** amount C1) 296,861 ▶ 296,861 D1

Subtotal (amount A1 **minus** amount D1) (if negative, enter "0") 6,787,450 ▶ 6,787,450 E1

Future tax consequences that occur for the current year Amount carried back from the current year to a prior year					
Non-capital loss carry-back (paragraph 111 (1)(a) ITA)	**Capital loss carry-back**	**Restricted farm loss carry-back**	**Farm loss carry-back**	**Other**	**Total carrybacks**

Taxable income after specified future tax consequences . . . . ______ F1

Enter the following amounts after specified future tax consequences:

Amount on line 400, 405, 410, or 427 of the T2 return, whichever is less . . . . ______ G1

Aggregate investment income (line 440 of the T2 return) . . . . ______ H1

Subtotal (amount G1 **plus** amount H1) ______ ▶ ______ I1

Subtotal (amount F1 **minus** amount I1) (if negative, enter "0") ______ ▶ ______ J1

Subtotal (amount E1 **minus** amount J1) (if negative, enter "0") ______ K1

GRIP adjustment for specified future tax consequences to the first previous tax year
(amount K1 **multiplied** by 0.72) . . . . **500** ______

Part 2 – GRIP adjustment for specified future tax consequences to previous tax years (continued)

Second previous tax year 2016-12-31

Taxable income before specified future tax consequences from the current tax year 8,339,547 A2

Enter the following amounts before specified future tax consequences from the current tax year:

Amount on line 400, 405, 410, or 427 of the T2 return, whichever is less . . . . ______ B2

Aggregate investment income (line 440 of the T2 return) 288,300 C2

Subtotal (amount B2 **plus** amount C2) 288,300 ▶ 288,300 D2

Subtotal (amount A2 **minus** amount D2) (if negative, enter "0") 8,051,247 ▶ 8,051,247 E2

Future tax consequences that occur for the current year

Amount carried back from the current year to a prior year

Non-capital loss carry-back (paragraph 111 (1)(a) ITA)	**Capital loss carry-back**	**Restricted farm loss carry-back**	**Farm loss carry-back**	**Other**	**Total carrybacks**

Taxable income after specified future tax consequences . . . . ______ F2

Enter the following amounts after specified future tax consequences:

Amount on line 400, 405, 410, or 427 of the T2 return, whichever is less . . . . ______ G2

Aggregate investment income (line 440 of the T2 return) . . . . ______ H2

Subtotal (amount G2 **plus** amount H2) ______ ▶ ______ I2

Subtotal (amount F2 **minus** amount I2) (if negative, enter "0") ______ ▶ ______ J2

Subtotal (amount E2 **minus** amount J2) (if negative, enter "0") ______ K2

GRIP adjustment for specified future tax consequences to the second previous tax year
(amount K2 **multiplied** by 0.72) . . . . **520** ______

Part 2 – GRIP adjustment for specified future tax consequences to previous tax years (continued)

Third previous tax year 2015-12-31

Taxable income before specified future tax consequences from the current tax year 7,564,893 A3

Enter the following amounts before specified future tax consequences from the current tax year:

Amount on line 400, 405, 410, or 427 of the T2 return, whichever is less . . . . ______ B3

Aggregate investment income (line 440 of the T2 return) 260,582 C3

Subtotal (amount B3 **plus** amount C3) 260,582 ▶ 260,582 D3

Subtotal (amount A3 **minus** amount D3) (if negative, enter "0") 7,304,311 ▶ 7,304,311 E3

Future tax consequences that occur for the current year Amount carried back from the current year to a prior year					
Non-capital loss carry-back (paragraph 111 (1)(a) ITA)	**Capital loss carry-back**	**Restricted farm loss carry-back**	**Farm loss carry-back**	**Other**	**Total carrybacks**

Taxable income after specified future tax consequences . . . . ______ F3

Enter the following amounts after specified future tax consequences:

Amount on line 400, 405, 410, or 427 of the T2 return, whichever is less . . . . ______ G3

Aggregate investment income (line 440 of the T2 return) . . . . ______ H3

Subtotal (amount G3 **plus** amount H3) ______ ▶ ______ I3

Subtotal (amount F3 **minus** amount I3) (if negative, enter "0") ______ ▶ ______ J3

Subtotal (amount E3 **minus** amount J3) (if negative, enter "0") ______ K3

GRIP adjustment for specified future tax consequences to the third previous tax year
(amount K3 **multiplied by** 0.72) . . . . **540** ______

Total GRIP adjustment for specified future tax consequences to previous tax years:
(**add** lines 500, 520, and 540) (if negative, enter "0") . . . . ______ L3

Enter amount L3 on line 560 in part 1.

Part 3 – Worksheet to calculate the GRIP addition post-amalgamation or post-wind-up (predecessor or subsidiary was a CCPC or a DIC in its last tax year)

nb. 1 Post amalgamation . . . ☐ Post wind-up . . . . . . ☐

Complete this part when there has been an amalgamation (within the meaning assigned by subsection 87(1)) or a wind-up (to which subsection 88(1) applies) and the predecessor or subsidiary corporation was a CCPC or a DIC in its last tax year. The last tax year for a predecessor corporation was its tax year that ended immediately before the amalgamation and for a subsidiary corporation was its tax year during which its assets were distributed to the parent on the wind-up.

Calculate the GRIP addition of a successor corporation following an amalgamation at the end of its first tax year.

Calculate the GRIP addition of a parent corporation upon wind-up at the end of the tax year that ends immediately after the tax year in which the parent has received the assets of the subsidiary.

In the calculation below, **corporation** means a predecessor or a subsidiary. Complete a separate worksheet for **each** predecessor and **each** subsidiary that was a CCPC or a DIC in its last tax year. Keep a copy of this calculation for your records, in case we ask to see it later.

Corporation's GRIP at the end of its last tax year				A4
Eligible dividends paid by the corporation in its last tax year		B4		
Excessive eligible dividend designations made by the corporation in its last tax year		C4		
Subtotal (amount B4 **minus** amount C4)		▶		D4
GRIP addition post-amalgamation or post-wind-up (predecessor or subsidiary was a CCPC or a DIC in its last tax year) (amount A4 **minus** amount D4)				E4

After you complete this calculation for each predecessor and each subsidiary, calculate the total of all the E4 amounts. Enter this total amount on:

- line 230 for post-amalgamation; or
- line 240 for post-wind-up.

Part 4 – Worksheet to calculate the GRIP addition post-amalgamation, post-wind-up (predecessor or subsidiary was not a CCPC or a DIC in its last tax year), or the corporation is becoming a CCPC

nb. 1 Corporation becoming a CCPC . . . . . . ☐ Post amalgamation . . . . ☐ Post wind-up . . . . ☐

Complete this part when there has been an amalgamation (within the meaning assigned by subsection 87(1)) or a wind-up (to which subsection 88(1) applies) and the predecessor or subsidiary was not a CCPC or a DIC in its last tax year.The last tax year for a predecessor corporation was its tax year that ended immediately before the amalgamation and for a subsidiary corporation was its tax year during which its assets were distributed to the parent on the wind-up.

Calculate the GRIP addition of a successor corporation following an amalgamation at the end of its first tax year.

Calculate the GRIP addition of a parent corporation upon wind-up at the end of the tax year that ends immediately after the tax year in which the parent has received the assets of the subsidiary.

In the calculation below, **corporation** means a predecessor or a subsidiary. Complete a separate worksheet for **each** predecessor and **each** subsidiary that was a CCPC or a DIC in its last year. Keep a copy of this calculation for your records, in case we ask to see it later.

Cost amount to the corporation of all property immediately before the end of its previous/last tax year . . . . ______ A5

The corporation's money on hand immediately before the end of its previous/last tax year . . . . ______ B5

Total of subsection 111(1) losses that would have been deductible in calculating the corporation's taxable income for the previous/last tax year if the corporation had had unlimited income from each business carried on and each property held and had realized an unlimited amount of capital gains for the previous/last tax year:

Non-capital losses . . . . ______ C5

Net capital losses . . . . ______ D5

Farm losses . . . . ______ E5

Restricted farm losses . . . . ______ F5

Limited partnership losses . . . . ______ G5

Subtotal (**add** amounts C5 to G5) ______ ► ______ H5

Total of all amounts deducted under subsection 111(1) in calculating the corporation's taxable income for the previous/last tax year:

Non-capital losses . . . . ______ I5

Net capital losses . . . . ______ J5

Farm losses . . . . ______ K5

Restricted farm losses . . . . ______ L5

Limited partnership losses . . . . ______ M5

Subtotal (**add** amounts I5 to M5) ______ ► ______ N5

Unused and unexpired losses at the end of the corporation's previous/last tax year (amount H5 **minus** amount N5) ______ ► ______ O5

Subtotal (**add** amounts A5, B5, and O5) ______ P5

All the corporation's debts and other obligations to pay that were outstanding immediately before the end of its previous/last tax year . . . . ______ Q5

Paid-up capital of all the corporation's issued and outstanding shares of capital stock immediately before the end of its previous/last tax year . . . . ______ R5

All the corporation's reserves deducted in its previous/last tax year . . . . ______ S5

The corporation's capital dividend account immediately before the end of its previous/last tax year . . . . ______ T5

The corporation's low rate income pool immediately before the end of its previous/last tax year . . . . ______ U5

Subtotal (**add** amounts Q5 to U5) ______ ► ______ V5

GRIP addition post-amalgamation or post-wind-up (predecessor or subsidiary was not a CCPC or a DIC in its last tax year), or the corporation is becoming a CCPC (amount P5 **minus** amount V5) (if negative, enter "0") . . . . ______ W5

After you complete this worksheet for each predecessor and each subsidiary, calculate the total of all the W5 amounts. Enter this total amount on:

- line 220 for a corporation becoming a CCPC;
- line 230 for post-amalgamation; or
- line 240 for post-wind-up.

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Schedule 55

Part III.1 Tax on Excessive Eligible Dividend Designations

Corporation's name	Business number	Tax year-end Year Month Day
Kitchener-Wilmot Hydro Inc.	86360 3726 RC0001	2018-12-31

Do not use this area

- Every corporation resident in Canada that pays a taxable dividend (other than a capital gains dividend within the meaning assigned by subsection 130.1(4) or 131(1)) in the tax year must file this schedule.
- Canadian-controlled private corporations (CCPC) and deposit insurance corporations (DIC) must complete Part 1 of this schedule. All other corporations must complete Part 2.
- Every corporation that has paid an eligible dividend must also file Schedule 53, *General Rate Income Pool (GRIP) Calculation*, or Schedule 54, *Low Rate Income Pool (LRIP) Calculation*, whichever is applicable.
- File the completed schedules with your *T2 Corporation Income Tax Return* no later than six months from the end of the tax year.
- All legislative references are to the *Income Tax Act* and the *Income Tax Regulations*.
- Subsection 89(1) defines the terms eligible dividend, excessive eligible dividend designation, general rate income pool (GRIP), and low rate income pool (LRIP).
- The calculations in Part 1 and Part 2 do not apply if the excessive eligible dividend designation arises from the application of paragraph (c) of the definition of excessive eligible dividend designation in subsection 89(1). This paragraph applies when an eligible dividend is paid to artificially maintain or increase the GRIP or to artificially maintain or decrease the LRIP.

Part 1 – Canadian-controlled private corporations and deposit insurance corporations

Taxable dividends paid in the tax year **not included** in Schedule 3					
Taxable dividends paid in the tax year **included** in Schedule 3		5,570,800			
Total taxable dividends paid in the tax year	100	5,570,800			
Total eligible dividends paid in the tax year			150		A
GRIP at the end of the tax year (line 590 on Schedule 53) (if negative, enter "0")			160	65,691,443	B
Excessive eligible dividend designation (line 150 **minus** line 160)					C
Deduct:					
Excessive eligible dividend designations elected under subsection 185.1(2) to be treated as ordinary dividends *			180		D
Subtotal (amount C **minus** amount D)					E
Part III.1 tax on excessive eligible dividend designations – CCPC or DIC (amount E **multiplied** by 20 %)			190		F

Enter the amount from line 190 on line 710 of the T2 return.

Part 2 – Other corporations

Taxable dividends paid in the tax year **not included** in Schedule 3					
Taxable dividends paid in the tax year **included** in Schedule 3					
Total taxable dividends paid in the tax year	200				
Total excessive eligible dividend designations in the tax year (amount from line A of Schedule 54)					G
Deduct:					
Excessive eligible dividend designations elected under subsection 185.1(2) to be treated as ordinary dividends *			280		H
Subtotal (amount G **minus** amount H)					I
Part III.1 tax on excessive eligible dividend designations – Other corporations (amount I **multiplied** by 20 %)			290		J

Enter the amount from line 290 on line 710 of the T2 return.

* You can elect to treat all or part of your excessive eligible dividend designation as a separate taxable dividend in order to eliminate or reduce the Part III.1 tax otherwise payable. You must file the election on or before the day that is 90 days **after** the day the notice of assessment for Part III.1 tax was sent. We will accept an election before the assessment of the tax. For more information on how to make this election, go to **www.cra.gc.ca/eligibledividends**.

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Schedule 500

Ontario Corporation Tax Calculation

Corporation's name	Business number	Tax year-end Year Month Day
Kitchener-Wilmot Hydro Inc.	86360 3726 RC0001	2018-12-31

- Use this schedule if the corporation had a permanent establishment, under section 400 of the federal Income Tax Regulations, in Ontario at any time in the tax year and had Ontario taxable income in the year.
- Legislative references are to the federal Income Tax Act and Income Tax Regulations.
- This schedule is a worksheet only and is not required to be filed with your T2 Corporation Income Tax Return.

Part 1 – Ontario basic income tax

Ontario taxable income *	7,640,411	A
Ontario basic rate of tax for the year	11.5 %	B
Ontario basic income tax (amount A **multiplied** by amount B **)	878,647	C

* If the corporation has a permanent establishment only in Ontario, enter the amount from line 360 or amount Z, whichever applies, of the T2 return. Otherwise, enter the taxable income allocated to Ontario from column F in Part 1 of Schedule 5.

** If the corporation has a permanent establishment in more than one jurisdiction, or is claiming an Ontario tax credit in addition to Ontario basic income tax, or has Ontario corporate minimum tax or Ontario special additional tax on life insurance corporations payable, enter amount C on line 270 of Schedule 5, Tax Calculation Supplementary – Corporations. Otherwise, enter it on line 760 of the T2 return.

Part 2 – Ontario small business deduction (OSBD)

Complete this part if the corporation claimed the federal small business deduction under subsection 125(1).

Amount from line 400 of the T2 return	7,152,110	1		
Amount from line 405 of the T2 return	7,640,411	2		
Amount from line 427 of the T2 return (note)		3		
Enter the least of amounts 1, 2 or 3		▶		D
Ontario domestic factor (ODF): Taxable income for Ontario * / Taxable income for all provinces **	7,640,411.00 / 7,640,411	=	1.00000	E
Amount D **multiplied** by amount E		4		
Ontario taxable income (amount A from Part 1)	7,640,411	5		
Ontario small business income (lesser of amount 4 or amount 5)		▶		F

Ontario small business deduction rate for the year

Number of days in the tax year before January 1, 2018 / Number of days in the tax year	/ 365	x	7 %	=	%	G1
Number of days in the tax year after December 31, 2017 / Number of days in the tax year	365 / 365	x	8 %	=	8.00000 %	G2

OSBD rate for the year (rate G1 **plus** rate G2)	8.00000 %	▶	8.00000 %	G
Ontario small business deduction (amount F **multiplied** by rate G)				H

Enter amount H on line 402 of Schedule 5.

* Enter amount A from Part 1.

** Includes the territories and the offshore jurisdictions for Nova Scotia and Newfoundland and Labrador.

Note: On November 15, 2018, the Government of Ontario announced, in Bill 57, that the reduction in the business limit relating to the amount of passive investment income for taxation years starting after December 31, 2018, will not be applied when calculating the Ontario small business deduction. As a result, the calculation on line 3 does not take the amount on line G of Schedule 200 (Jump Code: **J**) into account.

Part 3 – Ontario adjusted small business income

Complete this part if the corporation was a Canadian-controlled private corporation throughout the tax year and is claiming the Ontario tax credit for manufacturing and processing or the Ontario credit union tax reduction.

Ontario adjusted small business income (lesser of amount D and amount 5) I

Enter amount I at amount K in Part 4 of this schedule or at amount B in Part 2 of Schedule 502, Ontario Tax Credit for Manufacturing and Processing, whichever applies.

Part 4 – Credit union tax reduction

Complete this part and Schedule 17, Credit Union Deductions, if the corporation was a credit union throughout the tax year.

Amount 2H from Schedule 17 . . . . J

Ontario adjusted small business income (amount I) . . . . K

Subtotal (amount J **minus** amount K, if negative, enter "0") L

Amount L **multiplied** by amount G . . . . M

Ontario domestic factor (amount E) . . . . 1.00000 N

Ontario credit union tax reduction (amount M **multiplied** by amount N) . . . . O

Enter amount O on line 410 of Schedule 5.

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Schedule 508

Ontario Research and Development Tax Credit

Corporation's name	Business number	Tax year-end Year Month Day
Kitchener-Wilmot Hydro Inc.	86360 3726 RC0001	2018-12-31

- Use this schedule to:
  - calculate an Ontario research and development tax credit (ORDTC);
  - claim an ORDTC earned in the tax year or carried forward from any of the 20 previous tax years that are a tax year ending after December 31, 2008, to reduce Ontario corporate income tax payable in the current tax year;
  - carry back an ORDTC earned in the tax year to reduce Ontario corporate income tax payable in any of the three previous tax years;
  - add an ORDTC that was allocated to the corporation by a partnership of which it was a member;
  - add an ORDTC transferred after an amalgamation or windup; or
  - calculate a recapture of the ORDTC.
- The ORDTC is a non-refundable tax credit on eligible expenditures incurred by a corporation in a tax year. The ORDTC rate is:
  - 4.5% for tax years that end before June 1, 2016;
  - 3.5% for tax years that start after May 31, 2016; and
  - prorated for a tax year that ends on or after June 1, 2016, and includes May 31, 2016.
- An eligible expenditure is an expenditure for a permanent establishment in Ontario of a corporation, that is a qualified expenditure for the purposes of section 127 of the federal *Income Tax Act* for scientific research and experimental development (SR&ED) carried on in Ontario.
- Only corporations that are not exempt from Ontario corporate income tax and none of whose income is exempt income can claim the ORDTC.
- Complete and attach this schedule to the *T2 Corporation Income Tax Return* for the tax year.
- To claim this credit, you must also send in completed copies of the Form T661, *Scientific Research and Experimental Development (SR&ED) Expenditures Claim*, and the Schedule 31, *Investment Tax Credit - Corporations*, within 18 months of the tax year end.

Part 1 – Ontario SR&ED expenditure pool

Total eligible expenditures incurred by the corporation in Ontario in the tax year	100	52,192	A			
Government assistance, non-government assistance, or a contract payment for eligible expenditures	105		B			
Net eligible expenditures for the tax year (amount A **minus** amount B) (if negative, enter "0")		52,192	C			
Eligible expenditures transferred to the corporation by another corporation	110		D			
Subtotal (amount C **plus** amount D)		52,192	▶		52,192	E
Eligible expenditures the corporation transferred to another corporation				115		F
Ontario SR&ED expenditure pool (amount E **minus** amount F) (if negative, enter "0")				120	52,192	G

Part 2 – Eligible repayments

The repayment of the ORDTC is calculated using the ORDTC rate that you used to determine your tax credit at the time your eligible expenditures were reduced because of the government or non-government assistance, or contract payments. Enter the amount of the repayment on the line that corresponds to the appropriate rate.

Repayments for tax years that end before June 1, 2016 . . . . **210** ________ x 4.5 % = **215** ________ H

Repayment for a tax year that ends on or after June 1, 2016 and includes May 31, 2016. Complete the proration calculation below.

Number of days in the tax year before June 1, 2016	240	152	x	4.5 %	=	1.8689 %	1
Number of days in the tax year	241	366					
Number of days in the tax year after May 31, 2016	242	214	x	3.5 %	=	2.0464 %	2
Number of days in the tax year	243	366					

Subtotal (percentage 1 **plus** percentage 2) 3.9153 % 3

Repayments for a tax year that ends on or after June 1, 2016 and includes May 31, 2016 . . . . . . **211** ________ x percentage 3 3.9153 % = **216** ________ I

Part 2 – Eligible repayments (continued)

Repayments for tax years that start after May 31, 2016	**212**				x 3.5 % =	**217**		J
Repayments made in the tax year of government or non-government assistance or contract payments that reduced eligible expenditures for first term or second term shared-use equipment acquired before 2014	**220**		x 1 / 4 =		x 4.5 % =	**225**		K
Eligible repayments (total of amounts H to K)						**229**		L

Part 3 – Calculation of the current part of the ORDTC

For tax years that end before June 1, 2016

Ontario SR&ED expenditure pool (amount G in Part 1)		x 4.5 % =	**200**		M
ORDTC allocated to the corporation by a partnership of which it is a member (other than a specified member) for a fiscal period that ends in the corporation's tax year *			**205**		N
Eligible repayments (amount L in Part 2)					O
Current part of the ORDTC for tax years that end before June 1, 2016 (total of amounts M to O)			**230**		P

For a tax year that ends on or after June 1, 2016, and includes May 31, 2016

Number of days in the tax year before June 1, 2016 / Number of days in the tax year		x 4.5 % =		%	4
Number of days in the tax year after May 31, 2016 / Number of days in the tax year		x 3.5 % =		%	5
Subtotal (percentage 4 **plus** percentage 5)				%	6

Ontario SR&ED expenditure pool (amount G in Part 1) . .		x percentage 6 % =	**201**		Q
ORDTC allocated to the corporation by a partnership of which it is a member (other than a specified member) for a fiscal period that ends in the corporation's tax year *			**206**		R
Eligible repayments (amount L in Part 2)					S
Part of the ORDTC for a tax year that ends on or after June 1, 2016, and includes May 31, 2016 (total of amounts Q to S)			**231**		T

For tax years that start after May 31, 2016

Ontario SR&ED expenditure pool (amount G in Part 1)	52,192	x 3.5 % =	**202**	1,827	U
ORDTC allocated to the corporation by a partnership of which it is a member (other than a specified member) for a fiscal period that ends in the corporation's tax year *			**207**		V
Eligible repayments (amount L in Part 2)					W
The ORDTC for tax years that start after May 31, 2016 (total of amounts U to W)			**232**	1,827	X

* If there is a disposal or change of use of eligible property, see Part 7 on page 4.

Part 4 – Calculation of ORDTC available for deduction and ORDTC balance

ORDTC balance at the end of the previous tax year					Y		
ORDTC expired after 20 tax years	**300**				Z		
ORDTC at the beginning of the tax year (amount Y **minus** amount Z)	**305**				AA		
ORDTC transferred to the corporation on amalgamation or windup	**310**				BB		
Current part of ORDTC (amount P, T or X in Part 3 whichever applies)		1,827	CC				

Are you waiving all or part of the current part of the ORDTC? . . . . . . **315** Yes 1 ☐ No 2 ☒

If you answered **yes** at line 315, enter the amount of the tax credit waived on line 320.

If you answered **no** at line 315, enter "0" on line 320.

Waiver of the current part of the ORDTC	**320**		DD				
Subtotal (amount CC **minus** amount DD)		1,827 ▶		1,827	EE		
ORDTC available for deduction (total of amounts AA, BB and EE)				1,827 ▶		1,827	FF
ORDTC claimed ** (Enter amount GG on line 416 on page 5 of Schedule 5, *Tax Calculation Supplementary – Corporations*)				1,827	GG		
ORDTC carried back to previous tax years (from Part 5)					HH		
Subtotal (amount GG **plus** amount HH)				1,827 ▶		1,827	II
ORDTC balance at the end of the tax year (amount FF **minus** amount II)	**325**						JJ

** This amount cannot be more than the lesser of the following amounts:
- – ORDTC available for deduction (amount FF); or
- – Ontario corporate income tax payable before the ORDTC and the Ontario corporate minimum tax credit (amount from line E6 on page 5 of Schedule 5).

Part 5 – Request for carryback of tax credit

	Year Month Day			
1st previous tax year	2017-12-31	Credit to be applied	**901**	
2nd previous tax year	2016-12-31	Credit to be applied	**902**	
3rd previous tax year	2015-12-31	Credit to be applied	**903**	

Total (total of amount 901 to 903)(enter at amount HH in Part 4)

Part 6 – Analysis of tax credit available for carryforward by tax year of origin

You can complete this part to show all the credits from previous tax years available for carryforward, by year of origin. This will help you determine the amount of credit that could expire in following years.

Tax year of origin (earliest tax year first) Year / Month / Day	Credit available
2001-06-30	
2002-06-30	
2003-06-30	
2004-06-30	
2005-06-30	
2006-06-30	
2006-12-31	
2007-12-31	

	Tax year of origin (earliest tax year first) Year / Month / Day	Credit available
	2008-12-31	
	2009-12-31	
	2010-12-31	
	2011-12-31	
	2012-12-31	
	2013-12-31	
	2014-12-31	
	2015-12-31	
	2016-12-31	
	2017-12-31	
Current tax year	2018-12-31	

Total (equals line 325 in Part 4) ____________

The amount available from the 20th previous tax year will expire after this year. When you file your return for the next year, you will enter the expired amount on line 300 of Schedule 508 for that year.

Part 7 – Calculation of a recapture of ORDTC

You will have a recapture of ORDTC in a tax year when you meet **all** of the following conditions:

- you acquired a particular property in the current year or in any of the 20 previous tax years if the ORDTC was earned in a tax year ending after 2008;
- you claimed the cost of the property as an eligible expenditure for the ORDTC;
- the cost of the property was included in computing your ORDTC or was subject to an agreement made under subsection 127(13) of the federal Act to transfer qualified expenditures and section 42 of the *Taxation Act, 2007* (Ontario) applied; and
- you disposed of the property or converted it to commercial use in a tax year ending after December 31, 2008. You also meet this condition if you disposed of or converted to commercial use a property which incorporates the particular property previously referred to.

Note: The recapture **does not apply** if you disposed of the property to a non-arm's length purchaser who intended to use it all or substantially all for SR&ED in Ontario. When the non-arm's length purchaser later sells or converts the property to commercial use, the recapture rules will apply to the purchaser based on the historical federal investment tax credit (ITC) rate ******* of the original user in Calculation 1 below.

You have to report the recapture on Schedule 5 for the year in which you disposed of the property or converted it to commercial use. If the corporation is a member of a partnership, report its share of the recapture.

Complete the columns for each disposition for which a recapture applies, using the calculation formats below.

*** Federal ITC in calculations 1 and 2 should be determined without reference to paragraph (e) of the definition **investment tax credit** in subsection 127(9) of the federal Act.

Calculation 1 – Complete this part If you meet all of the above conditions

	KK Amount of federal ITC you originally calculated for the property you acquired, or the original user's federal ITC where you acquired the property from a non-arm's length party, as described in the note above 700	LL Amount calculated using the federal ITC rate at the date of acquisition (or the original user's date of acquisition) on either the proceeds of disposition (if sold in an arm's length transaction) or the fair market value of the property (in any other case) 710	MM Amount from column 700 or 710, whichever is less
1.			

Total of column MM (enter at amount WW in Part 8) ____________ NN

Part 7 – Calculation of a recapture of ORDTC (continued)

Calculation 2 – If the corporation is deemed by subsection 42(1) of the *Taxation Act, 2007* (Ontario) to have transferred all or part of the eligible expenditure to another corporation as a consequence of an agreement described in subsection 127(13) of the federal Act complete Calculation 2. Otherwise, enter nil on line SS.

	OO Rate percentage that the transferee used to determine its federal ITC for qualified expenditure that was transferred under an agreement under subsection 127(13) of the federal Act 720	PP Proceeds of disposition of the property if you dispose of it to a person at arm's length; or, in any other case, the fair market value of the property at conversion or disposition 730	QQ Amount, if any, already provided for in Calculation 1 (this allows for the situation where only part of the cost of a property is transferred for an agreement under subsection 127(13) of the federal Act) 740
1.			

	RR Amount determined by the formula (OO x PP) - QQ (using the columns above)	SS Federal ITC earned by the transferee for the qualified expenditure that was transferred 750	TT Amount from column RR or SS, whichever is less
1.			

Total of column TT (enter at amount XX in Part 8) ____ UU

Calculation 3

As a member of a partnership, you will report your share of the ORDTC of the partnership after the ORDTC has been reduced by the amount of the recapture. If this is a positive amount, you will report it on line 205, 206, or 207 in Part 3, whichever applies. However, if the partnership does not have enough ORDTC otherwise available to offset the recapture, then the amount by which reductions to the ORDTC exceeds additions (the excess) will be determined and reported on line VV.

Corporate partner's share of the excess of ORDTC (enter at amount ZZ in Part 8) . . . . 760 ____ VV

Part 8 – Total recapture of ORDTC

Recaptured federal ITC for Calculation 1 (amount NN from Part 7) . . . . ____ WW

Recaptured federal ITC for Calculation 2 (amount UU from Part 7) . . . . ____ XX

Amount WW **plus** amount XX . . . . ____ x 23.56 % = ____ YY

Corporate partner's share of the excess of ORDTC for Calculation 3 (amount VV from Part 7) . . . . ____ ZZ

Recapture of ORDTC (amount YY **plus** amount ZZ) (enter amount AAA on line 277 on page 5 of Schedule 5) . . . . ____ AAA

Schedule A - Worksheet for eligible expenditures incurred by the corporation in Ontario for the current taxation year

This worksheet allows you to report the amount of eligible expenditures entered on Form T661, *Scientific Research and Experimental Development (SR&ED) Expenditures Claim* which represents eligible expenditures as defined in section 127 of the *Income Tax Act* (ITA) with regard to scientific research and experimental development (SR&ED) **carried on in Ontario and attributable to a permanent establishment in Ontario of a corporation**.

Data on the worksheet is calculated based on the amounts on Form T661, but will have to be adjusted according to the rules of Ontario, if applicable, in particular when the corporation has had a permanent establishment in more than one jurisdiction. This data will be used when calculating Schedule 508 and Schedule 566.

Enter the breakdown between current and capital expenditures

		Current Expenditures			**Capital Expenditures**	
Total expenditures for SR&ED		33,755				
Add						
• payment of prior years' unpaid expenses (other than salary or wages)	+					
• prescribed proxy amount (Enter "0" if you use the traditional method)	+	18,437				
• expenditures on shared-use equipment				+		
• other additions	+			+		
Subtotal	=	52,192		=		
Less						
• current expenditures (other than salary or wages) not paid within 180 days of the tax year end	–					
• amounts paid in respect of an SR&ED contract to a person or partnership that is not taxable supplier	–					
• 20% of contract expenditures for SR&ED performed on your behalf	–					
• prescribed expenditures not allowed by regulations	–			–		
• other deductions	–			–		
• non-arm's length transactions						
– expenditures for non-arm's length SR&ED contracts	–					
– purchases (limited to costs) of goods and services from non-arm's length suppliers	–			–		
Subtotal	=	52,192	I	=		II
Total eligible expenditures incurred by the corporation in Ontario in the tax year (add amount I and II)				=	52,192	III

Enter amount III on line 100 of Schedule 508.

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Schedule 510

Ontario Corporate Minimum Tax

Corporation's name	Business number	Tax year-end Year Month Day
Kitchener-Wilmot Hydro Inc.	86360 3726 RC0001	2018-12-31

- File this schedule if the corporation is subject to Ontario corporate minimum tax (CMT). CMT is levied under section 55 of the *Taxation Act, 2007* (Ontario), referred to as the "Ontario Act".
- Complete Part 1 to determine if the corporation is subject to CMT for the tax year.
- A corporation not subject to CMT in the tax year is still required to file this schedule if it is deducting a CMT credit, has a CMT credit carryforward, or has a CMT loss carryforward or a current year CMT loss.
- A corporation that has Ontario special additional tax on life insurance corporations (SAT) payable in the tax year must complete Part 4 of this schedule even if it is not subject to CMT for the tax year.
- A corporation is exempt from CMT if, throughout the tax year, it was one of the following:
  1) a corporation exempt from income tax under section 149 of the federal *Income Tax Act*;
  2) a mortgage investment corporation under subsection 130.1(6) of the federal Act;
  3) a deposit insurance corporation under subsection 137.1(5) of the federal Act;
  4) a congregation or business agency to which section 143 of the federal Act applies;
  5) an investment corporation as referred to in subsection 130(3) of the federal Act; or
  6) a mutual fund corporation under subsection 131(8) of the federal Act.
- File this schedule with the *T2 Corporation Income Tax Return*.

Part 1 – Determination of CMT applicability

Total assets of the corporation at the end of the tax year *	112	318,446,590
Share of total assets from partnership(s) and joint venture(s) *	114	
Total assets of associated corporations (amount from line 450 on Schedule 511)	116	204,942,584
Total assets (total of lines 112 to 116)		523,389,174
Total revenue of the corporation for the tax year **	142	243,423,007
Share of total revenue from partnership(s) and joint venture(s) **	144	
Total revenue of associated corporations (amount from line 550 on Schedule 511)	146	100,323,031
Total revenue (total of lines 142 to 146)		343,746,038

The corporation is subject to CMT if:

- for tax years ending before July 1, 2010, the total assets at the end of the year of the corporation or the associated group of corporations are more than $5,000,000, or the total revenue for the year of the corporation or the associated group of corporations is more than $10,000,000.
- for tax years ending after June 30, 2010, the total assets at the end of the year of the corporation or the associated group of corporations are equal to or more than $50,000,000, and the total revenue for the year of the corporation or the associated group of corporations is equal to or more than $100,000,000.

If the corporation is not subject to CMT, do not complete the remaining parts unless the corporation is deducting a CMT credit, or has a CMT credit carryforward, a CMT loss carryforward, a current year CMT loss, or SAT payable in the year.

* **Rules for total assets**

- Report total assets according to generally accepted accounting principles, adjusted so that consolidation and equity methods are not used.
- Do not include unrealized gains and losses on assets and foreign currency gains and losses on assets that are included in net income for accounting purposes but not in income for corporate income tax purposes.
- The amount on line 114 is determined at the end of the last fiscal period of the partnership or joint venture that ends in the tax year of the corporation. Add the proportionate share of the assets of the partnership(s) and joint venture(s), and deduct the recorded asset(s) for the investment in partnerships and joint ventures.
- A corporation's share in a partnership or joint venture is determined under paragraph 54(5)(b) of the Ontario Act and, if the partnership or joint venture had no income or loss, is calculated as if the partnership's or joint venture's income were $1 million. For a corporation with an indirect interest in a partnership or joint venture, determine the corporation's share according to paragraph 54(5)(c) of the Ontario Act.

** **Rules for total revenue**

- Report total revenue in accordance with generally accepted accounting principles, adjusted so that consolidation and equity methods are not used.
- If the tax year is less than 51 weeks, **multiply** the total revenue of the corporation or the partnership, whichever applies, by 365 and **divide** by the number of days in the tax year.
- The amount on line 144 is determined for the partnership or joint venture fiscal period that ends in the tax year of the corporation. If the partnership or joint venture has 2 or more fiscal periods ending in the filing corporation's tax year, **multiply** the sum of the total revenue for each of the fiscal periods by 365 and **divide** by the total number of days in all the fiscal periods.
- A corporation's share in a partnership or joint venture is determined under paragraph 54(5)(b) of the Ontario Act and, if the partnership or joint venture had no income or loss, is calculated as if the partnership's or joint venture's income were $1 million. For a corporation with an indirect interest in a partnership or joint venture, determine the corporation's share according to paragraph 54(5)(c) of the Ontario Act.

Part 2 – Adjusted net income/loss for CMT purposes

Net income/loss per financial statements *			210	11,084,896	
Add (to the extent reflected in income/loss):					
Provision for current income taxes/cost of current income taxes	220	1,935,227			
Provision for deferred income taxes (debits)/cost of future income taxes	222				
Equity losses from corporations	224				
Financial statement loss from partnerships and joint ventures	226				
Dividends deducted on financial statements (subsection 57(2) of the Ontario Act), excluding dividends paid by credit unions under subsection 137(4.1) of the federal Act	230				
Other additions (see note below):					
Share of adjusted net income of partnerships and joint ventures **	228				
Total patronage dividends received, not already included in net income/loss	232				
281	282				
283	284				
Subtotal		1,935,227	▶	1,935,227	A
Deduct (to the extent reflected in income/loss):					
Provision for recovery of current income taxes/benefit of current income taxes	320				
Provision for deferred income taxes (credits)/benefit of future income taxes	322				
Equity income from corporations	324				
Financial statement income from partnerships and joint ventures	326				
Dividends deductible under section 112, section 113, or subsection 138(6) of the federal Act	330				
Dividends not taxable under section 83 of the federal Act (from Schedule 3)	332				
Gain on donation of listed security or ecological gift	340				
Accounting gain on transfer of property to a corporation under section 85 or 85.1 of the federal Act ***	342				
Accounting gain on transfer of property to/from a partnership under section 85 or 97 of the federal Act ****	344				
Accounting gain on disposition of property under subsection 13(4), subsection 14(6), or section 44 of the federal Act *****	346				
Accounting gain on a windup under subsection 88(1) of the federal Act or an amalgamation under section 87 of the federal Act	348				
Other deductions (see note below):					
Share of adjusted net loss of partnerships and joint ventures **	328				
Tax payable on dividends under subsection 191.1(1) of the federal Act **multiplied** by 3	334				
Interest deducted/deductible under paragraph 20(1)(c) or (d) of the federal Act, not already included in net income/loss	336				
Patronage dividends paid (from Schedule 16) not already included in net income/loss	338				
381	382				
383	384				
385	386				
387	388				
389	390				
Subtotal			▶		B
Adjusted net income/loss for CMT purposes (line 210 **plus** amount A **minus** amount B)			490	13,020,123	

If the amount on line 490 is positive and the corporation is subject to CMT as determined in Part 1, enter the amount on line 515 in Part 3.

If the amount on line 490 is negative, enter the amount on line 760 in Part 7 (enter as a positive amount).

Note

In accordance with *Ontario Regulation 37/09*, when calculating net income for CMT purposes, accounting income should be adjusted to:

- exclude unrealized gains and losses due to mark-to-market changes or foreign currency changes on specified mark-to-market property (assets only);
- include realized gains and losses on the disposition of specified mark-to-market property not already included in the accounting income, if the property is not a capital property or is a capital property disposed in the year or in a previous tax year ended after March 22, 2007.

"Specified mark-to-market property" is defined in subsection 54(1) of the Ontario Act.

These rules also apply to partnerships. A corporate partner's share of a partnership's adjusted income flows through on a proportionate basis to the corporate partner.

* **Rules for net income/loss**

- Banks must report net income/loss as per the report accepted by the Superintendent of Financial Institutions under the federal *Bank Act*, adjusted so consolidation and equity methods are not used.

Part 2 – Calculation of adjusted net income/loss for CMT purposes (continued)

– Life insurance corporations must report net income/loss as per the report accepted by the federal Superintendent of Financial Institutions or equivalent provincial insurance regulator, before SAT and adjusted so consolidation and equity methods are not used. If the life insurance corporation is resident in Canada and carries on business in and outside of Canada, **multiply** the net income/loss by the ratio of the Canadian reserve liabilities **divided** by the total reserve liability. The reserve liabilities are calculated in accordance with Regulation 2405(3) of the federal Act.

– Other corporations must report net income/loss in accordance with generally accepted accounting principles, except that consolidation and equity methods must not be used. When the equity method has been used for accounting purposes, equity losses and equity income are removed from book income/loss on lines 224 and 324 respectively.

– Corporations, other than insurance corporations, should report net income from line 9999 of the GIFI (Schedule 125) on line 210.

** The share of the adjusted net income of a partnership or joint venture is calculated as if the partnership or joint venture were a corporation and the tax year of the partnership or joint venture were its fiscal period. For a corporation with an indirect interest in a partnership through one or more partnerships, determine the corporation's share according to clause 54(5)(c) of the Ontario Act.

*** A joint election will be considered made under subsection 60(1) of the Ontario Act if there is an entry on line 342, and an election has been made for transfer of property to a corporation under subsection 85(1) of the federal Act.

**** A joint election will be considered made under subsection 60(2) of the Ontario Act if there is an entry on line 344, and an election has been made under subsection 85(2) or 97(2) of the federal Act.

***** A joint election will be considered made under subsection 61(1) of the Ontario Act if there is an entry on line 346, and an election has been made under subsection 13(4) or 14(6) and/or section 44 of the federal Act.

For more information on how to complete this part, see the *T2 Corporation – Income Tax Guide*.

Part 3 – CMT payable

Adjusted net income for CMT purposes (line 490 in Part 2, if positive) **515** 13,020,123

Deduct:

CMT loss available (amount R from Part 7) . . . .

Minus: Adjustment for an acquisition of control * **518**

Adjusted CMT loss available . . . . ▶ C

Net income subject to CMT calculation (if negative, enter "0") **520** 13,020,123

Amount from line 520 13,020,123 x Number of days in the tax year before July 1, 2010 / Number of days in the tax year 365 x 4 % = 1

Amount from line 520 13,020,123 x Number of days in the tax year after June 30, 2010 365 / Number of days in the tax year 365 x 2.7 % = 351,543 2

Subtotal (amount 1 **plus** amount 2) 351,543 3

Gross CMT: amount on line 3 above x OAF ** **540** 351,543

Deduct:

Foreign tax credit for CMT purposes *** **550**

CMT after foreign tax credit deduction (line 540 **minus** line 550) (if negative, enter "0") . . . . 351,543 D

Deduct:

Ontario corporate income tax payable before CMT credit (amount F6 from Schedule 5) 876,820

Net CMT payable (if negative, enter "0") . . . . E

Enter amount E on line 278 of Schedule 5, *Tax Calculation Supplementary – Corporations*, and complete Part 4.

* Enter the portion of CMT loss available that exceeds the adjusted net income for the tax year from carrying on a business before the acquisition of control. See subsection 58(3) of the Ontario Act.

*** Enter "0" on line 550 for life insurance corporations as they are not eligible for this deduction. For all other corporations, enter the cumulative total of amount J for the province of Ontario from Part 9 of Schedule 21 on line 550.

** **Calculation of the Ontario allocation factor (OAF):**

If the provincial or territorial jurisdiction entered on line 750 of the T2 return is "Ontario," enter "1" on line F.

If the provincial or territorial jurisdiction entered on line 750 of the T2 return is "multiple," complete the following calculation, and enter the result on line F:

Ontario taxable income **** / Taxable income ***** =

Ontario allocation factor . . . . 1.00000 F

**** Enter the amount allocated to Ontario from column F in Part 1 of Schedule 5. If the taxable income is nil, calculate the amount in column F as if the taxable income were $1,000.

***** Enter the taxable income amount from line 360 or amount Z of the T2 return, whichever applies. If the taxable income is nil, enter "1,000".

Part 4 – Calculation of CMT credit carryforward

CMT credit carryforward at the end of the previous tax year * . . . . G

Deduct:

CMT credit expired * **600**

CMT credit carryforward at the beginning of the current tax year * (see note below) . . . . ▶ **620**

Add:

CMT credit carryforward balances transferred on an amalgamation or the windup of a subsidiary (see note below) **650**

CMT credit available for the tax year (amount on line 620 **plus** amount on line 650) . . . . H

Deduct:

CMT credit deducted in the current tax year (amount P from Part 5) I

Subtotal (amount H **minus** amount I) J

Add:

Net CMT payable (amount E from Part 3) . . . .

SAT payable (amount O from Part 6 of Schedule 512) . . . .

Subtotal ▶ K

CMT credit carryforward at the end of the tax year (amount J **plus** amount K) . . . . **670** L

* For the first harmonized T2 return filed with a tax year that includes days in 2009:
- do not enter an amount on line G or line 600;
- for line 620, enter the amount from line 2336 of Ontario CT23 Schedule 101, *Corporate Minimum Tax (CMT)*, for the last tax year that ended in 2008.

For other tax years, enter on line G the amount from line 670 of Schedule 510 from the previous tax year.

Note: If you entered an amount on line 620 or line 650, complete Part 6.

Part 5 – Calculation of CMT credit deducted from Ontario corporate income tax payable

CMT credit available for the tax year (amount H from Part 4) . . . . M

Ontario corporate income tax payable before CMT credit (amount F6 from Schedule 5) 876,820 1

For a corporation that is not a life insurance corporation:

CMT after foreign tax credit deduction (amount D from Part 3) . . 351,543 2

For a life insurance corporation:

Gross CMT (line 540 from Part 3) 3

Gross SAT (line 460 from Part 6 of Schedule 512) 4

The **greater** of amounts 3 and 4 5

Deduct: line 2 or line 5, whichever applies: 351,543 6

Subtotal (if negative, enter "0") 525,277 ▶ 525,277 N

Ontario corporate income tax payable before CMT credit (amount F6 from Schedule 5) 876,820

Deduct:

Total refundable tax credits excluding Ontario qualifying environmental trust tax credit (amount J6 **minus** line 450 from Schedule 5) 48,525

Subtotal (if negative, enter "0") 828,295 ▶ 828,295 O

CMT credit deducted in the current tax year (least of amounts M, N, and O) . . . . P

Enter amount P on line 418 of Schedule 5 and on line I in Part 4 of this schedule.

Is the corporation claiming a CMT credit earned before an acquisition of control? . . . . **675** 1 Yes ☐ 2 No ☒

If you answered **yes** to the question at line 675, the CMT credit deducted in the current tax year may be restricted. For information on how the deduction may be restricted, see subsections 53(6) and (7) of the Ontario Act.

Part 6 – Analysis of CMT credit available for carryforward by year of origin

Complete this part if:

- the tax year includes January 1, 2009; or
- the previous tax year-end is deemed to be December 31, 2008, under subsection 249(3) of the federal Act.

Year of origin	CMT credit balance *
10th previous tax year	**680**
9th previous tax year	**681**
8th previous tax year	**682**
7th previous tax year	**683**
6th previous tax year	**684**
5th previous tax year	**685**
4th previous tax year	**686**
3rd previous tax year	**687**
2nd previous tax year	**688**
1st previous tax year	**689**
Total **	

* CMT credit that was earned (by the corporation, predecessors of the corporation, and subsidiaries wound up into the corporation) in each of the previous 10 tax years and has not been deducted.

** Must equal the total of the amounts entered on lines 620 and 650 in Part 4.

Part 7 – Calculation of CMT loss carryforward

CMT loss carryforward at the end of the previous tax year * . . . . ________ Q

Deduct:

CMT loss expired * . . . . **700** ________

CMT loss carryforward at the beginning of the tax year * (see note below) . . . . ________ ► **720** ________

Add:

CMT loss transferred on an amalgamation under section 87 of the federal Act ** (see note below) . . . . **750** ________

CMT loss available (line 720 **plus** line 750) . . . . ________ R

Deduct:

CMT loss deducted against adjusted net income for the tax year (lesser of line 490 (if positive) and line C in Part 3) . . . . ________

Subtotal (if negative, enter "0") ________ S

Add:

Adjusted net loss for CMT purposes (amount from line 490 in Part 2, if **negative**) (enter as a positive amount) . . . . **760** ________

CMT loss carryforward balance at the end of the tax year (amount S **plus** line 760) . . . . **770** ________ T

* For the first harmonized T2 return filed with a tax year that includes days in 2009:

- do not enter an amount on line Q or line 700;
- for line 720, enter the amount from line 2214 of Ontario CT23 Schedule 101, *Corporate Minimum Tax (CMT)*, for the last tax year that ended in 2008.

For other tax years, enter on line Q the amount from line 770 of Schedule 510 from the previous tax year.

** Do not include an amount from a predecessor corporation if it was controlled at any time before the amalgamation by any of the other predecessor corporations.

Note: If you entered an amount on line 720 or line 750, complete Part 8.

Part 8 – Analysis of CMT loss available for carryforward by year of origin

Complete this part if:

- the tax year includes January 1, 2009; or
- the previous tax year-end is deemed to be December 31, 2008, under subsection 249(3) of the federal Act.

Year of origin	Balance earned in a tax year ending before March 23, 2007 *	Balance earned in a tax year ending after March 22, 2007 **
10th previous tax year	810	820
9th previous tax year	811	821
8th previous tax year	812	822
7th previous tax year	813	823
6th previous tax year	814	824
5th previous tax year	815	825
4th previous tax year	816	826
3rd previous tax year	817	827
2nd previous tax year	818	828
1st previous tax year		829
Total ***		

* Adjusted net loss for CMT purposes that was earned (by the corporation, by subsidiaries wound up into or amalgamated with the corporation before March 22, 2007, and by other predecessors of the corporation) in each of the previous 10 tax years that ended before March 23, 2007, and has not been deducted.

** Adjusted net loss for CMT purposes that was earned (by the corporation and its predecessors, but not by a subsidiary predecessor) in each of the previous 20 tax years that ended after March 22, 2007, and has not been deducted.

*** The total of these two columns must equal the total of the amounts entered on lines 720 and 750.

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SCHEDULE 511

ONTARIO CORPORATE MINIMUM TAX – TOTAL ASSETS AND REVENUE FOR ASSOCIATED CORPORATIONS

Name of corporation	Business Number	Tax year-end Year Month Day
Kitchener-Wilmot Hydro Inc.	86360 3726 RC0001	2018-12-31

- For use by corporations to report the total assets and total revenue of all the Canadian or foreign corporations with which the filing corporation was associated at any time during the tax year. These amounts are required to determine if the filing corporation is subject to corporate minimum tax.
- Total assets and total revenue include the associated corporation's share of any partnership(s)/joint venture(s) total assets and total revenue.
- Attach additional schedules if more space is required.
- File this schedule with the *T2 Corporation Income Tax Return.*

	Names of associated corporations 200	Business number (Canadian corporation only) (see Note 1) 300	Total assets* (see Note 2) 400	Total revenue** (see Note 2) 500
1	Kitchener Power Corporation	86360 3924 RC0001	154,852,819	6,712
2	Corporation of the City of Kitchener	NR	50,000,000	100,000,000
3	KITCHENER ENERGY SERVICES	86375 9098 RC0001	89,765	316,319
		Total	450 204,942,584	550 100,323,031

Enter the total assets from line 450 on line 116 in Part 1 of Schedule 510, *Ontario Corporate Minimum Tax*.
Enter the total revenue from line 550 on line 146 in Part 1 of Schedule 510.

Note 1: Enter ¨NR¨ if a corporation is not registered.

Note 2: If the associated corporation does not have a tax year that ends in the filing corporation's current tax year but was associated with the filing corporation in the previous tax year of the filing corporation, enter the total revenue and total assets from the tax year of the associated corporation that ends in the previous tax year of the filing corporation.

*** Rules for total assets**

- Report total assets in accordance with generally accepted accounting principles, adjusted so that consolidation and equity methods are not used.
- Include the associated corporation's share of the total assets of partnership(s) and joint venture(s) but exclude the recorded asset(s) for the investment in partnerships and joint ventures.
- Exclude unrealized gains and losses on assets that are included in net income for accounting purposes but not in income for corporate income tax purposes.

**** Rules for total revenue**

- Report total revenue in accordance with generally accepted accounting principles, adjusted so that consolidation and equity methods are not used.
- If the associated corporation has 2 or more tax years ending in the filing corporation's tax year, **multiply** the sum of the total revenue for each of those tax years by 365 and **divide** by the total number of days in all of those tax years.
- If the associated corporation's tax year is less than 51 weeks and is the only tax year of the associated corporation that ends in the filing corporation's tax year, **multiply** the associated corporation's total revenue by 365 and **divide** by the number of days in the associated corporation's tax year.
- Include the associated corporation's share of the total revenue of partnerships and joint ventures.
- If the partnership or joint venture has 2 or more fiscal periods ending in the associated corporation's tax year, **multiply** the sum of the total revenue for each of the fiscal periods by 365 and **divide** by the total number of days in all the fiscal periods.

T2 SCH 511

Canada

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SCHEDULE 546

CORPORATIONS INFORMATION ACT ANNUAL RETURN FOR ONTARIO CORPORATIONS

Name of corporation	Business Number	Tax year-end Year Month Day
Kitchener-Wilmot Hydro Inc.	86360 3726 RC0001	2018-12-31

- This schedule should be completed by a corporation that is incorporated, continued, or amalgamated in Ontario and subject to the Ontario *Business Corporations Act* (BCA) or Ontario *Corporations Act* (CA), except for registered charities under the federal *Income Tax Act*. This completed schedule serves as a *Corporations Information Act* Annual Return under the *Ontario Corporations Information Act*.
- Complete parts 1 to 4. Complete parts 5 to 7 only to report change(s) in the information recorded on the Ontario Ministry of Government Services (MGS) public record.
- This schedule must set out the required information for the corporation as of the date of delivery of this schedule.
- A completed Ontario *Corporations Information Act* Annual Return must be delivered within six months after the end of the corporation's tax year-end. The MGS considers this return to be delivered on the date that it is filed with the Canada Revenue Agency (CRA) together with the corporation's income tax return.
- It is the corporation's responsibility to ensure that the information shown on the MGS public record is accurate and up-to-date. To review the information shown for the corporation on the public record maintained by the MGS, obtain a Corporation Profile Report. Visit **www.ServiceOntario.ca** for more information.
- This schedule contains non-tax information collected under the authority of the Ontario *Corporations Information Act*. This information will be sent to the MGS for the purposes of recording the information on the public record maintained by the MGS.

Part 1 – Identification

100 Corporation's name (exactly as shown on the MGS public record)
Kitchener-Wilmot Hydro Inc.

Jurisdiction incorporated, continued, or amalgamated, whichever is the most recent	**110** Date of incorporation or amalgamation, whichever is the most recent	Year Month Day	**120** Ontario Corporation No.
Ontario		2000-07-01	7134991

Part 2 – Head or registered office address (P.O. box not acceptable as stand-alone address)

200 Care of (if applicable)
Kitchener-Wilmot Hydro Inc.

210 Street number	**220** Street name/Rural route/Lot and Concession number	**230** Suite number
301	Victoria Street South	

240 Additional address information if applicable (line 220 must be completed first)

250 Municipality (e.g., city, town)	**260** Province/state	**270** Country	**280** Postal/zip code
Kitchener	ON	CA	N2G 4L2

Part 3 – Change identifier

Have there been any changes in any of the information most recently filed for the public record maintained by the MGS for the corporation with respect to names, addresses for service, and the date elected/appointed and, if applicable, the date the election/appointment ceased of the directors and five most senior officers, or with respect to the corporation's mailing address or language of preference? To review the information shown for the corporation on the public record maintained by the MGS, obtain a Corporation Profile Report. For more information, visit **www.ServiceOntario.ca**.

300 1 If there have been no changes, enter **1** in this box and then go to "Part 4 – Certification."
If there are changes, enter **2** in this box and complete the applicable parts on the next page, and then go to "Part 4 – Certification."

Part 4 – Certification

I certify that all information given in this *Corporations Information Act* Annual Return is true, correct, and complete.

450 Nanninga (Last name)

451 Margaret (First name)

454 Lynn , (Middle name(s))

460 3 Please enter one of the following numbers in this box for the above-named person: **1** for director, **2** for officer, or **3** for other individual having knowledge of the affairs of the corporation. If you are a director and officer, enter **1** or **2**.

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

Complete the applicable parts to report changes in the information recorded on the MGS public record.

Part 5 – Mailing address

500 ☐ Please enter one of the following numbers in this box:

1 - Show no mailing address on the MGS public record.
2 - The corporation's mailing address is the same as the head or registered office address in Part 2 of this schedule.
3 - The corporation's complete mailing address is as follows:

510 Care of (if applicable)

520 Street number

530 Street name/Rural route/Lot and Concession number

540 Suite number

550 Additional address information if applicable (line 530 must be completed first)

560 Municipality (e.g., city, town)

570 Province/state

580 Country

590 Postal/zip code

Part 6 – Language of preference

600 ☐ Indicate your language of preference by entering **1** for English or **2** for French. This is the language of preference recorded on the MGS public record for communications with the corporation. It may be different from line 990 on the T2 return.

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SCHEDULE 550

ONTARIO CO-OPERATIVE EDUCATION TAX CREDIT

Name of corporation	Business Number	Tax year-end Year Month Day
Kitchener-Wilmot Hydro Inc.	86360 3726 RC0001	2018-12-31

- Use this schedule to claim an Ontario co-operative education tax credit (CETC) under section 88 of the *Taxation Act, 2007* (Ontario).
- The CETC is a refundable tax credit that is equal to an eligible percentage (10% to 30%) of the eligible expenditures incurred by a corporation for a qualifying work placement. The maximum credit amount is $1,000 for each qualifying work placement ending before March 27, 2009, and $3,000 for each qualifying work placement beginning after March 26, 2009. For a qualifying work placement that straddles March 26, 2009, the maximum credit amount is prorated.
- Eligible expenditures are salaries and wages (including taxable benefits) paid or payable to a student in a qualifying work placement, or fees paid or payable to an employment agency for services performed by the student in a qualifying work placement. These expenditures must be paid on account of employment or services, as applicable, at a permanent establishment of the corporation in Ontario. Expenditures for a work placement (WP) are not eligible expenditures if they are greater than the amounts that would be paid to an arm's length employee.
- A WP must meet all of the following conditions to be a qualifying work placement:
  - the student performs employment duties for a corporation under a qualifying co-operative education program (QCEP);
  - the WP has been developed or approved by an eligible educational institution as a suitable learning situation;
  - the terms of the WP require the student to engage in productive work;
  - the WP is for a period of at least 10 consecutive weeks or, in the case of an internship program, not less than 8 consecutive months and not more than 16 consecutive months;
  - the student is paid for the work performed in the WP;
  - the corporation is required to supervise and evaluate the job performance of the student in the WP;
  - the institution monitors the student's performance in the WP; and
  - the institution has certified the WP as a qualifying work placement.
- Make sure you keep a copy of the letter of certification from the Ontario eligible educational institution containing the name of the student, the employer, the institution, the term of the WP, and the name/discipline of the QCEP to support the claim. Do not submit the letter of certification with the *T2 Corporation Income Tax Return*.
- File this schedule with the *T2 Corporation Income Tax Return*.

Part 1 – Corporate information

110 Name of person to contact for more information	**120** Telephone number including area code
Margaret Nanninga	(519) 749-6177

Is the claim filed for a CETC earned through a partnership?* . . . . **150** 1 Yes ☐ 2 No ☒

If you answered **yes** to the question at line 150, what is the name of the partnership? . . . . **160** ______

Enter the percentage of the partnership's CETC allocated to the corporation . . . . **170** ______ %

* When a corporate member of a partnership is claiming an amount for eligible expenditures incurred by a partnership, complete a Schedule 550 for the partnership as if the partnership were a corporation. Each corporate partner, other than a limited partner, should file a separate Schedule 550 to claim the partner's share of the partnership's CETC. The allocated amounts can not exceed the amount of the partnership's CETC.

Part 2 – Eligibility

1. Did the corporation have a permanent establishment in Ontario in the tax year? . . . . **200** 1 Yes ☒ 2 No ☐
2. Was the corporation exempt from tax under Part III of the *Taxation Act*, 2007 (Ontario)? . . . . **210** 1 Yes ☐ 2 No ☒

If you answered **no** to question 1 or **yes** to question 2, then the corporation is **not eligible** for the CETC.

Part 3 – Eligible percentage for determining the eligible amount

Corporation's salaries and wages paid in the previous tax year * **300** 18,426,000

For eligible expenditures incurred before March 27, 2009:

- If line 300 is $400,000 or less, enter 15% on line 310.
- If line 300 is $600,000 or more, enter 10% on line 310.
- If line 300 is more than $400,000 and less than $600,000, enter the percentage on line 310 using the following formula:

$$\text{Eligible percentage} = 15\,\% - \left[5\,\% \times \frac{(\text{amount on line 300} \; \textbf{minus} \; \$ \; 400{,}000)}{\$ \; 200{,}000} \right]$$

Eligible percentage for determining the eligible amount . . . . **310** 10.000 %

For eligible expenditures incurred after March 26, 2009:

- If line 300 is $400,000 or less, enter 30% on line 312.
- If line 300 is $600,000 or more, enter 25% on line 312.
- If line 300 is more than $400,000 and less than $600,000, enter the percentage on line 312 using the following formula:

$$\text{Eligible percentage} = 30\,\% - \left[5\,\% \times \frac{(\text{amount on line 300} \; \textbf{minus} \; \$ \; 400{,}000)}{\$ \; 200{,}000} \right]$$

Eligible percentage for determining the eligible amount . . . . **312** 25.000 %

* If this is the first tax year of an amalgamated corporation and subsection 88(9) of the *Taxation Act, 2007* (Ontario) applies, enter the salaries and wages paid in the previous tax year by the predecessor corporations.

Part 4 – Calculation of the Ontario co-operative education tax credit

Complete a separate entry for each student for each qualifying work placement that ended in the corporation's tax year. If a qualifying work placement would otherwise exceed four consecutive months, divide the WP into periods of four consecutive months and enter each full period of four consecutive months as a separate WP. If the WP does not divide equally into four-month periods and if the period that is less than 4 months is 10 or more consecutive weeks, then enter that period as a separate WP. If that period is less than 10 consecutive weeks, then include it with the WP for the last period of 4 consecutive months. Consecutive WPs with two or more associated corporations are deemed to be with only one corporation, as designated by the corporations.

	A Name of university, college, or other eligible educational institution **400**	**B** Name of qualifying co-operative education program **405**
1.	Conestoga College	Power Technician
2.	Conestoga College	Power Technician
3.	Conestoga College	Power Technician
4.	University of Waterloo	Environment and Business
5.	Conestoga College	Power Technician
6.	University of Waterloo	Environment and Business

	C Name of student **410**	**D** Start date of WP (see note 1 below) **430**	**E** End date of WP (see note 2 below) **435**
1.	[redacted]	2018-05-01	2018-08-31
2.	[redacted]	2018-05-01	2018-08-31
3.	[redacted]	2018-01-08	2018-04-27
4.	[redacted]	2018-01-01	2018-04-30
5.	[redacted]	2018-01-01	2018-04-27
6.	[redacted]	2018-05-01	2018-08-31

Note 1: When the WP has been divided into separate periods because it exceeds four consecutive months, enter the start date for the separate WP.

Note 2: When the WP has been divided into separate periods because it exceeds four consecutive months, enter the end date for the separate WP.

Part 4 – Calculation of the Ontario co-operative education tax credit (continued)

	F1 Eligible expenditures before March 27, 2009 (see note 1 below) **450**	Eligible percentage before March 27, 2009 (from line 310 in Part 3)	**F2** Eligible expenditures after March 26, 2009 (see note 1 below) **452**	Eligible percentage after March 26, 2009 (from line 310a in Part 3)	**X** Number of consecutive weeks of the WP completed by the student before March 27, 2009 (see note 3 below)	**Y** Total number of consecutive weeks of the student's WP (see note 3 below)
1.		10.000 %	[redacted]	25.000 %		17
2.		10.000 %	[redacted]	25.000 %		17
3.		10.000 %	[redacted]	25.000 %		16
4.		10.000 %	[redacted]	25.000 %		17
5.		10.000 %	[redacted]	25.000 %		17
6.		10.000 %	[redacted]	25.000 %		17

	G Eligible amount (eligible expenditures **multiplied** by eligible percentage) (see note 2 below) **460**	**H** Maximum CETC per WP (see note 3 below) **462**	**I** CETC on eligible expenditures (column G or H, whichever is less) **470**	**J** CETC on repayment of government assistance (see note 4 below) **480**	**K** CETC for each WP (column I or column J) **490**
1.	3,981	3,000	3,000		3,000
2.	3,914	3,000	3,000		3,000
3.	4,163	3,000	3,000		3,000
4.	2,893	3,000	2,893		2,893
5.	4,021	3,000	3,000		3,000
6.	2,893	3,000	2,893		2,893

Ontario co-operative education tax credit (total of amounts in column K) **500** 17,786 **L**

or, if the corporation answered **yes** at line 150 in Part 1, determine the partner's share of amount L:

Amount L ________ x percentage on line 170 in Part 1 ________ % = ... ________ **M**

Enter amount L or M, whichever applies, on line 452 of Schedule 5, *Tax Calculation Supplementary – Corporations*. If you are filing more than one Schedule 550, add the amounts from line L or M, whichever applies, on all the schedules and enter the total amount on line 452 of Schedule 5.

Note 1: Reduce eligible expenditures by all government assistance, as defined under subsection 88(21) of the *Taxation Act, 2007* (Ontario), that the corporation has received, is entitled to receive, or may reasonably expect to receive, for the eligible expenditures, on or before the filing due date of the *T2 Corporation Income Tax Return* for the tax year.

Note 2: Calculate the eligible amount (Column G) using the following formula:

Column G = (column F1 x percentage on line 310) + (column F2 x percentage on line 312)

Note 3: If the WP ends before March 27, 2009, the maximum credit amount for the WP is $1,000.
If the WP begins after March 26, 2009, the maximum credit amount for the WP is $3,000.
If the WP begins before March 27, 2009, and ends after March 26, 2009, calculate the maximum credit amount using the following formula:

($1,000 x X/Y) + [$3,000 x (Y – X)/Y]

where "X" is the number of consecutive weeks of the WP completed by the student before March 27, 2009, and "Y" is the total number of consecutive weeks of the student's WP.

Note 4: When claiming a CETC for repayment of government assistance, complete a **separate entry** for each repayment and complete columns A to E and J and K with the details for the previous year WP in which the government assistance was received. Include the amount of government assistance repaid in the tax year multiplied by the eligible percentage for the tax year in which the government assistance was received, to the extent that the government assistance reduced the CETC in that tax year.

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Schedule 552

Ontario Apprenticeship Training Tax Credit

Corporation's name	Business number	Tax year-end Year Month Day
Kitchener-Wilmot Hydro Inc.	86360 3726 RC0001	2018-12-31

- Use this schedule to claim an Ontario apprenticeship training tax credit (ATTC) under section 89 of the *Taxation Act, 2007* (Ontario).
- The ATTC is a refundable tax credit that is equal to a specified percentage (25% to 45%) of the eligible expenditures incurred by a corporation for a qualifying apprenticeship. For eligible expenditures incurred after March 26, 2009 for an apprenticeship program that began before April 24, 2015, the maximum credit for each qualifying apprenticeship is $10,000 per year to a maximum credit of $40,000 over the first 48-month period of the qualifying apprenticeship. For an apprenticeship program that began after April 23, 2015, the maximum credit for each qualifying apprenticeship is $5,000 per year to a maximum credit of $15,000 over the first 36-month period of the qualifying apprenticeship.
- Eligible expenditures are salaries and wages (including taxable benefits) paid to an apprentice in a qualifying apprenticeship or fees paid to an employment agency for the provision of services performed by the apprentice in a qualifying apprenticeship. These expenditures must be:
  - paid on account of employment or services, as applicable, at a permanent establishment of the corporation in Ontario;
  - for services provided by the apprentice during the first 48 months of the apprenticeship program, if an apprenticeship program began before April 24, 2015; and
  - for services provided by the apprentice during the first 36 months of the apprenticeship program, if an apprenticeship program began after April 23, 2015.
- An expenditure is not eligible for an ATTC if:
  - the same expenditure was used, or will be used, to claim a co-operative education tax credit; or
  - it is more than an amount that would be paid to an arm's length apprentice.
- An apprenticeship must meet the following conditions to be a qualifying apprenticeship:
  - the apprenticeship is in a qualifying skilled trade approved by the Ministry of Training, Colleges and Universities (Ontario) or a person designated by him or her; and
  - the corporation and the apprentice must be participating in an apprenticeship program in which the training agreement has been registered under the *Ontario College of Trades and Apprenticeship Act, 2009, or* the *Apprenticeship and Certification Act, 1998,* or in which the contract of apprenticeship has been registered under the *Trades Qualification and Apprenticeship Act*.
- Do not submit the training agreement or contract of apprenticeship with your *T2 Corporation Income Tax Return*. Keep a copy of the training agreement or contract of apprenticeship to support your claim.
- File this schedule with your *T2 Corporation Income Tax Return*.

Part 1 – Corporate information

110 Name of person to contact for more information	**120** Telephone number
Margaret Nanninga	(519) 749-6177

Is the claim filed for an ATTC earned through a partnership? * . . . . . **150** 1 Yes ☐ 2 No ☒

If you answered **yes** to the question at line 150, what is the name of the partnership? . **160** ______

Enter the percentage of the partnership's ATTC allocated to the corporation . . . . . **170** ______ %

* When a corporate member of a partnership is claiming an amount for eligible expenditures incurred by a partnership, complete a Schedule 552 for the partnership as if the partnership were a corporation. Each corporate partner, other than a limited partner, should file a separate Schedule 552 to claim the partner's share of the partnership's ATTC. The total of the partners' allocated amounts can never exceed the amount of the partnership's ATTC.

Part 2 – Eligibility

1. Did the corporation have a permanent establishment in Ontario in the tax year? . . . . . **200** 1 Yes ☒ 2 No ☐
2. Was the corporation exempt from tax under Part III of the *Taxation Act, 2007* (Ontario)? . . . . . **210** 1 Yes ☐ 2 No ☒

If you answered **no** to question 1 or **yes** to question 2, then you are **not eligible** for the ATTC.

Part 3 – Specified percentage

Corporation's salaries and wages paid in the previous tax year * **300** 18,426,000

For eligible expenditures incurred after March 26, 2009 for an apprenticeship program that began before April 24, 2015:

- If line 300 is $400,000 or less, enter 45% on line 312.
- If line 300 is $600,000 or more, enter 35% on line 312.
- If line 300 is more than $400,000 and less than $600,000, enter the percentage on line 312 using the following formula:

$$\text{Specified percentage} = 45\% - \left[10\% \times \left(\frac{\text{amount on line 300} \quad \textbf{minus} \quad 400{,}000}{200{,}000} \right) \right]$$

Specified percentage . . . . **312** 35.000 %

For eligible expenditures incurred for an apprenticeship program that began after April 23, 2015:

- If line 300 is $400,000 or less, enter 30% on line 314.
- If line 300 is $600,000 or more, enter 25% on line 314.
- If line 300 is more than $400,000 and less than $600,000, enter the percentage on line 314 using the following formula:

$$\text{Specified percentage} = 30\% - \left[5\% \times \left(\frac{\text{amount on line 300} \quad \textbf{minus} \quad 400{,}000}{200{,}000} \right) \right]$$

Specified percentage . . . . **314** 25.000 %

* If this is the first tax year of an amalgamated corporation and subsection 89(6) of the *Taxation Act, 2007* (Ontario) applies, enter salaries and wages paid in the previous tax year by the predecessor corporations.

Part 4 – Ontario apprenticeship training tax credit

Complete a **separate entry** for each apprentice for each qualifying apprenticeship with the corporation. When claiming an ATTC for repayment of government assistance, complete a **separate entry** for each repayment, and complete columns A to G and M and N with the details for the employment period in the previous tax year in which the government assistance was received.

	A Trade code **400**	**B** Apprenticeship program/trade name **405**	**C** Name of apprentice **410**
1.	434a	Powerline Technician	[redacted]
2.	434a	Powerline Technician	[redacted]
3.	434a	Powerline Technician	[redacted]
4.	434a	Powerline Technician	[redacted]
5.	434a	Powerline Technician	[redacted]
6.	434a	Powerline Technician	[redacted]
7.	434a	Powerline Technician	[redacted]
8.	434a	Powerline Technician	[redacted]
9.	434a	Powerline Technician	[redacted]
10.			

	D Original contract or training agreement number **420**	**E** Original registration date of apprenticeship contract or training agreement (YYYYMMDD) (see note 1) **425**	**F** Start date of employment as an apprentice in the tax year (YYYYMMDD) (see note 2) **430**	**G** End date of employment as an apprentice in the tax year (YYYYMMDD) (see note 3) **435**
1.	2712043	2015-08-31	2018-01-01	2018-08-30
2.	2765660	2015-08-31	2018-01-01	2018-08-30
3.	2621621	2014-10-01	2018-01-01	2018-08-10
4.	2712024	2017-09-05	2018-01-01	2018-12-19
5.	1916644	2017-09-05	2018-01-01	2018-12-19
6.	SYS036158	2017-06-14	2018-09-04	2018-12-19
7.	SYS068595	2017-11-14	2018-04-02	2018-12-13
8.	SYS036155	2017-06-14	2018-09-04	2018-12-19
9.	SYS080102	2016-07-18	2018-07-23	2018-12-19

	D Original contract or training agreement number **420**	**E** Original registration date of apprenticeship contract or training agreement (YYYYMMDD) (see note 1) **425**	**F** Start date of employment as an apprentice in the tax year (YYYYMMDD) (see note 2) **430**	**G** End date of employment as an apprentice in the tax year (YYYYMMDD) (see note 3) **435**
10.				

Note 1: Enter the original registration date of the apprenticeship contract or training agreement in all cases, even when multiple employers employed the apprentice.

Note 2: When there are multiple employment periods as an apprentice in the tax year with the corporation, enter the date that is the first day of employment as an apprentice in the tax year with the corporation. When claiming an ATTC for repayment of government assistance, enter the start date of employment as an apprentice for the tax year in which the government assistance was received.

Note 3: When there are multiple employment periods as an apprentice in the tax year with the corporation, enter the date that is the last day of employment as an apprentice in the tax year with the corporation. When claiming an ATTC for repayment of government assistance, enter the end date of employment as an apprentice for the tax year in which the government assistance was received.

Part 4 – Ontario apprenticeship training tax credit (continued)

	H1 Number of days in the tax year employed as an apprentice in a qualifying apprenticeship program that began before April 24, 2015 (see note 1) **442**	**H2** Number of days in the tax year employed as an apprentice in a qualifying apprenticeship program that began after April 23, 2015 (see note 1) **443**	**I** Maximum credit amount for the tax year (see note 2) **445**
1.		241	3,301
2.		241	3,301
3.	221		6,055
4.		352	4,822
5.		352	4,822
6.		106	1,452
7.		255	3,493
8.		106	1,452
9.		149	2,041
10.			

Note 1: When there are multiple employment periods as an apprentice in the tax year with the corporation, do not include days in which the individual was not employed as an apprentice.

For H1: The days employed as an apprentice must be within 48 months of the registration date provided in column E.

For H2: The days employed as an apprentice must be within 36 months of the registration date provided in column E.

Note 2: Maximum credit = ($10,000 × H1/365*****) or ($5,000 × H2/365*****), whichever applies.
***** 366 days, if the tax year includes February 29

	J1 Eligible expenditures incurred after March 26, 2009 for a qualifying apprenticeship program that began before April 24, 2015 (see note 3) **452**	**J2** Eligible expenditures incurred for a qualifying apprenticeship program that began after April 23, 2015 (see note 3) **453**	**K** Eligible expenditures **multiplied** by specified percentage (see note 4) **460**
1.		80,090	20,023
2.		84,653	21,163
3.	61,907		21,667
4.		72,634	18,159
5.		73,167	18,292
6.		18,982	4,746
7.		61,847	15,462
8.		17,847	4,462
9.		32,970	8,243
10.			

Note 3: Reduce eligible expenditures by all government assistance, as defined under subsection 89(19) of the *Taxation Act, 2007* (Ontario), that the corporation has received, is entitled to receive, or may reasonably expect to receive, in respect of the eligible expenditures, on or before the filing due date of the *T2 Corporation Income Tax Return* for the tax year.

For J1: Eligible expenditures must be for services provided by the apprentice to the taxpayer during the first 48 months of the apprenticeship program, and not relating to services performed before the apprenticeship program began or after it ended.

For J2: Eligible expenditures must be for services provided by the apprentice to the taxpayer during the first 36 months of the apprenticeship program, and not relating to services performed before the apprenticeship began or after it ended.

Note 4: Calculate the amount in column K as follows:
Column K = (J1 × line 312) or (J2 × line 314), whichever applies.

	L ATTC on eligible expenditures (lesser of columns I and K) **470**	**M** ATTC on repayment of government assistance (see note 5) **480**	**N** ATTC for each apprentice (column L or M, whichever applies) **490**
1.	3,301		3,301
2.	3,301		3,301
3.	6,055		6,055
4.	4,822		4,822
5.	4,822		4,822
6.	1,452		1,452

	L ATTC on eligible expenditures (lesser of columns I and K) 470	**M** ATTC on repayment of government assistance (see note 5) 480	**N** ATTC for each apprentice (column L or M, whichever applies) 490
7.	3,493		3,493
8.	1,452		1,452
9.	2,041		2,041
10.			

Ontario apprenticeship training tax credit (total of amounts in column N) 500 30,739 **O**

Or, if the corporation answered **yes** at line 150 in Part 1, determine the partner's share of amount O:

Amount O ______ x percentage on line 170 in Part 1 ______ % = ... ______ **P**

Enter amount O or P, whichever applies, on line 454 of Schedule 5, *Tax Calculation Supplementary – Corporations*. If you are filing more than one Schedule 552, **add** the amounts from line O or P, whichever applies, on all the schedules, and enter the total amount on line 454 of Schedule 5.

Note 5: Include the amount of government assistance repaid in the tax year multiplied by the specified percentage for the tax year in which the government assistance was received, to the extent that the government assistance reduced the ATTC in that tax year. Complete a **separate entry** for each repayment of government assistance.

See the privacy notice on your return.