

Courtesy Translation

Corporations established in Québec are required to communicate with Revenu Québec in French. For this reason, Revenu Québec does not produce an English version of the forms to be used by corporations. However, Revenu Québec provides translations of the content of the forms for information purposes.

Paid-Up Capital to Be Used for Purposes Other Than the Calculation of the Tax on Capital

Corporations concerned

Form CO-1140.A is to be completed by any corporation that is a financial institution¹ or by any insurance corporation that wants to calculate the paid-up capital used for purposes other than the calculation of the tax on capital. Paid-up capital is used to determine whether a corporation may take advantage of certain tax assistance measures, to calculate the amount of assistance that may be granted to a corporation or for any other purpose under the *Taxation Act*. Paid-up capital is calculated for the end of the year that precedes the taxation year concerned or, in the case of a corporation's first taxation year, for the beginning of that taxation year.

Deduction for qualified investment in a related financial institution

If the corporation is claiming a deduction for investments in one or more financial institutions that are related to the corporation, calculate the deduction in Part 3 of form CO-1140.A.

Deduction relating to an international financial centre (IFC)

If the corporation, which may be an authorized foreign bank, is claiming a deduction relating to an IFC, calculate the deduction in Part 4 of form CO-1140.A.

Since March 31, 2010, corporations have been able to forgo that deduction and make an **irrevocable** election to claim the tax credit for salaries and wages (IFC). To claim that tax credit, complete form CO-1029.8.36.CI, *Crédit d'impôt relatif aux salaires – CFI*.

A corporation that has made such an election is no longer entitled to the deduction relating to an IFC as of the effective date shown on the certificate issued in that regard by the Minister of Finance,² whether the IFC is operated by the corporation or by a partnership of which the corporation is a member.

Important

- Calculate the paid-up capital of the corporation for the previous taxation year using its financial statement components for that year.
- Calculate the paid-up capital of the corporation for its first taxation year using the components of the corporation's opening balance sheet prepared in accordance with generally accepted accounting principles (GAAP).
- Complete lines 34a through 35 on a separate copy of form CO-1140.A for each financial institution that is related to the corporation and in which the corporation has qualified investments.
- Enclose all copies of form CO-1140.A and, where applicable, a copy of the corporation's opening balance sheet with form CO-17, *Déclaration de revenus des sociétés*.
- For more information, refer to sections 1140 to 1141.11 of the *Taxation Act*.

1 Information about the corporation

01a Québec enterprise number (NEQ)
01b Identification number File (**IC 0001**)
02 Name of corporation
05 End date of fiscal period (**Y M D**)

2 Paid-up capital

In the case of a **savings and credit union**, complete only lines 11, 17, 20, 22, 32 and 33.

In the case of an **authorized foreign bank**, complete only lines 10a, 10b, 20, 22, 25, 32 and 33, by entering the required amounts, calculated at the end of the taxation year, in respect of the bank's Canadian banking business.

10 Paid-up capital stock
10a Enter 10% of the corporation's risk-weighted assets or exposures, calculated as if the risk-weighting guidelines of the Office of the Superintendent of Financial Institutions (OSFI) applied (authorized foreign banks only).

- 10b Enter the total of the amounts that are not for a loss protection facility respecting asset securitization and that the corporation would deduct from its capital under OSFI risk-based capital adequacy guidelines, if the corporation were listed in Schedule II to the *Bank Act* (authorized foreign banks only).
- 11 Permanent shares³ (savings and credit unions only)
- 11a Debts⁴ contracted by a loan corporation, a trust corporation or a corporation trading in securities with a related corporation that is not a financial institution
- 12 General reserve (banks only)
- 13 Other reserves and provisions
- 14 All surpluses (including any appreciation in value)
- 15 Long-term debt (subordinated indebtedness)⁵
- 16 Subordinated loans and similar debts (brokers only). Specify:
- 17 Long-term debt⁶ used to calculate the ratio of the capital base (savings and credit unions only)
- 18 Future tax liabilities
- 20 Assets that are corporeal property⁷
- 21 Taxable percentage 50%
- 22 Multiply line 20 by line 21.
- 23 Other amounts. Specify:
- 24 Add lines 10 through 18, 22 and 23.

Deductions

- 25 Deduction for qualified investment, calculated in Part 3 of form CO-1140.A
- 27 Operational deficit
- 28 Future tax assets
- 32 Deduction in respect of a major investment project⁸ and other deductions. Specify:
- 32a Add lines 25 through 32. **Deductions**
- 32b Subtract line 32a from line 24.
- 33 Deduction relating to an IFC, calculated in Part 4 of form CO-1140.A
- 34 Subtract line 33 from line 32b. **Paid-up capital**

3 Deduction for qualified investment in a related financial institution

If, at the end of the taxation year, the corporation (which is not a savings and credit union) had qualified investments⁹ in one or more financial institutions that were related to the corporation, do the calculation in Part 3 of form CO-1140.A. Complete lines 34a through 35 on a separate copy of form CO-1140.A for each related financial institution. Then add the amounts from line 35 of each copy of form CO-1140.A completed and enter the result on line 37 of only one copy of form CO-1140.A.

35	34a Qualified investment in the related financial institution	x	34b Percentage of business carried on in Québec by the related financial institution	%
	34c Percentage of business carried on in Québec by the corporation			%

- 37 Total of the amounts from line 35 of each copy of form CO-1140.A completed. The total should also be entered on line 25 of form CO-1140.A. **Deduction for qualified investment in a related financial institution**

4 Deduction relating to an IFC

Complete Part 4 of form CO-1140.A if the corporation (which may be an authorized foreign bank) is claiming a deduction relating to an IFC. If the corporation did not make an election to claim the tax credit for salaries and wages (IFC) during the taxation year covered by form CO-1140.A, complete sections 4.1 through 4.4 of form CO-1140.A.

If the corporation made an election to claim the tax credit for salaries and wages (IFC) during the taxation year covered by form CO-1140.A, it is entitled to the deduction relating to an IFC for only part of the year. In that case, section 4.5 of form CO-1140.A must also be completed.

4.1 Paid-up capital for the purposes of calculating the deduction relating to an IFC

- 45 Amount from line 32b
- 45a Deduction in respect of a major investment project (included on line 32)
- 46 Add lines 45 and 45a. **Paid-up capital for the purposes of calculating the deduction relating to an IFC**

4.2 Deduction relating to an IFC that may be claimed by a corporation that is not a member of a partnership

47	Corporation's gross income from the activities of an IFC ¹⁰	
48	Corporation's total gross income ¹¹	
49	Divide line 47 by line 48.	
50	Salaries and wages paid by the corporation that are attributable to the activities of an IFC ¹²	
51	Total salaries and wages paid by the corporation	
51a	Divide line 50 by line 51.	
52	Add lines 49 and 51a.	
52a		2
53	Divide line 52 by line 52a. Multiplier	

53a	Paid-up capital (line 46)	x	53b	Multiplier (line 53)	x	53c	75%	▶	54	Deduction relating to an IFC
-----	---------------------------	---	-----	----------------------	---	-----	------------	---	----	-------------------------------------

Complete section 4.4 of form CO-1140.A if the corporation concerned is a bank (which may be an authorized foreign bank).

Complete section 4.5 of form CO-1140.A if the corporation made an election to claim the tax credit for salaries and wages (IFC) during the taxation year covered by form CO-1140.A.

Otherwise, enter on line 33 of form CO-1140.A the amount on line 54 of the form.

4.3 Deduction relating to an IFC that may be claimed by a corporation that is a member of a partnership

55	Corporation's gross income from the activities of an IFC ¹³	
56	Corporation's share of the partnership's gross income from the activities of an IFC ¹⁴	
57	Add lines 55 and 56.	
58	Corporation's total gross income ¹⁵	
59	Corporation's share of the partnership's total gross income ¹⁶	
60	Add lines 58 and 59.	
61	Divide line 57 by line 60.	A
62	Salaries and wages paid by the corporation that are attributable to the activities of an IFC ¹⁷	
63	Corporation's share of the salaries and wages paid by the partnership that are attributable to the activities of an IFC ¹⁸	
64	Add lines 62 and 63.	
65	Total salaries and wages paid by the corporation	
66	Corporation's share of the total salaries and wages paid by the partnership ¹⁹	
67	Add lines 65 and 66.	
68	Divide line 64 by line 67.	B
69	Add amounts A and B.	
69a		2
70	Divide line 69 by line 69a. Multiplier	

70a	Paid-up capital (line 46)	x	70b	Multiplier (line 70)	x	70c	75%	▶	71	Deduction relating to an IFC
-----	---------------------------	---	-----	----------------------	---	-----	------------	---	----	-------------------------------------

Complete section 4.4 of form CO-1140.A if the corporation concerned is a bank (which may be an authorized foreign bank).

Complete section 4.5 of form CO-1140.A if the corporation made an election to claim the tax credit for salaries and wages (IFC) during the taxation year covered by form CO-1140.A.

Otherwise, enter on line 33 of form CO-1140.A the amount on line 71 of the form.

4.4 Deduction relating to an IFC that may be claimed by a bank

76	Amount from line 54 or line 71, as applicable	÷	77	Percentage of business carried on in Québec ²⁰ %	▶	78	Deduction relating to an IFC
----	---	---	----	---	---	----	-------------------------------------

Complete section 4.5 of form CO-1140.A if the corporation made an election to claim the tax credit for salaries and wages (IFC) during the taxation year covered by form CO-1140.A.

Otherwise, enter on line 33 of form CO-1140.A the amount on line 78 of the form.

4.5 Reduced deduction relating to an IFC

79	Amount from line 54, line 71 or line 78, as applicable	x	79a	Number of days in the taxation year that precede the effective date shown on the certificate ²¹	▶	80	Reduced deduction relating to an IFC
			79b	Number of days in the taxation year			

Enter on line 33 of form CO-1140.A the amount on line 80 of the form.

Notes

1. The term “financial institution” means a bank, an authorized foreign bank, a savings and credit union, a loan corporation, a trust corporation or a corporation trading in securities.
2. Any certificate issued after September 19, 2012, and before April 24, 2014, was issued instead by the Minister of Finance and the Economy.
3. The term “permanent shares” means permanent shares, participating interests in the nature of a permanent share, and other capital shares issued by a savings and credit union but **not** held by another savings and credit union.
4. Any trade account payable by the corporation within the last six months as consideration for an acquisition of property or a supply of a service, and the taxes related thereto do not have to be included.
5. For the purposes of calculating paid-up capital, the term “long-term debt” refers to,
 - in the case of a bank, its subordinated indebtedness within the meaning of section 2 of the *Bank Act*, evidenced by obligations issued for a term of not less than five years;
 - in the case of a savings and credit union, its subordinated indebtedness within the meaning (and with such modifications as the circumstances require) of section 2 of the *Cooperative Credit Associations Act*, evidenced by obligations issued for a term of not less than five years; and
 - in the case of an issuer that is neither a bank nor a savings and credit union, its subordinated indebtedness within the meaning (and with such modifications as the circumstances require) of section 2 of the *Bank Act*, evidenced by obligations issued for a term of not less than five years.
6. See note 5.
7. Except in the case of a savings and credit union, a corporation that is a member of a partnership at the end of the year must include, in the amount on line 20 of form CO-1140.A, its share of the value of the **partnership’s assets that are corporeal property** held by the partnership at the end of the partnership’s last fiscal period that coincides with, or ends in, the corporation’s taxation year.

The value of property that is held by a corporation primarily for resale and that was acquired by the corporation in the year or the preceding taxation year because another person was in default or likely to default on a debt contracted with the corporation, does **not** have to be included in the amount on line 20 of form CO-1140.A.
8. A corporation entitled to a tax exemption relating to the carrying out of a major investment project may also be entitled to an exemption relating to the tax on paid-up capital. That exemption is in the form of a deduction corresponding to the amount of paid-up capital calculated using the balance sheet prepared for the separate business of the major investment project, according to the conditions provided for in section 1141.8 of the *Taxation Act*.
9. In the case of a corporation that is not an authorized foreign bank, the term “qualified investment” refers to the value of the following assets of the corporation at the end of the taxation year:
 - shares of the capital stock of a financial institution that is related to the corporation;
 - the long-term debt of a financial institution that is related to the corporation;
 - subordinated loans or other debts (whose repayment is subject to the prior approval of an agency empowered to regulate trading in securities) of a financial institution that is related to the corporation and that trades in securities.

In the case of an authorized foreign bank, the term “qualified investment” refers to the value, at the end of the year, of the following assets of the corporation that were used or held by the corporation in the year, in the course of its Canadian banking business activities:

 - the shares of the capital stock of a financial institution that is related to the corporation;
 - the long-term debt of a financial institution that is related to the corporation.

The value of those assets must be determined before the application of risk weights that the authorized foreign bank would be required to report under the OSFI risk-weighting guidelines, if those guidelines applied and required such a report at the end of the year.
10. The corporation’s gross income from the activities of an IFC must include all gross interest income that is derived from the operation of a money-lending business and that does not constitute property income for the corporation. That gross income does not include any dividend income, or capital gains or losses.
11. The corporation’s total gross income does not include any dividend income, capital gains or losses, or interest income that constitutes property income.
12. The salaries and wages paid by the corporation that are attributable to the activities of an IFC are the salaries and wages paid for the entire year, that is, the salaries and wages qualifying for the exemption from the employer contribution to the health services fund and those that would have qualified for the exemption had the corporation not made the election to claim the tax credit for salaries and wages (IFC).
13. See note 10.
14. If, at the end of the taxation year, the corporation is a member of a partnership that operates an IFC, enter, on line 56 of form CO-1140.A, the corporation’s **share of the partnership’s gross income from the activities of the IFC** at the end of the partnership’s last fiscal period that coincides with, or ends in, the corporation’s taxation year.
15. See note 11.
16. If, at the end of the taxation year, the corporation is a member of a partnership, enter, on line 59 of form CO-1140.A, the corporation’s **share of the partnership’s total gross income** at the end of the partnership’s last fiscal period that coincides with, or ends in, the corporation’s taxation year, **whether or not** the partnership operates an IFC.
17. See note 12.
18. If, at the end of the taxation year, the corporation is a member of a partnership that operates an IFC, enter, on line 63 of form CO-1140.A, the corporation’s **share of the salaries and wages paid by the partnership that are attributable to the activities of the IFC** at the end of the partnership’s last fiscal period that coincides with, or ends in, the corporation’s taxation year.
19. If, at the end of the taxation year, the corporation is a member of a partnership, enter, on line 66 of form CO-1140.A, the corporation’s **share of the total salaries and wages paid by the partnership** at the end of the partnership’s last fiscal period that coincides with, or ends in, the corporation’s taxation year, **whether or not** the partnership operates an IFC.
20. Enter on line 77 of form CO-1140.A the percentage from box H of form CO-771.R.3, *Répartition des affaires faites au Québec et ailleurs*, which should be determined by using the loans and deposits in column C of that form as the basis of the calculation.
21. Any corporation that makes an election, during the taxation year, to claim the tax credit for salaries and wages (IFC) must obtain a certificate showing the effective date of the tax credit, even if the corporation already has a certificate entitling it to claim the deduction relating to an IFC.