

## 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.

## Deduction Respecting Incorporeal Capital Property

Form CO-130.B is to be used by a corporation that is claiming a deduction with respect to incorporeal capital property,<sup>1</sup> or that disposes of or acquires such property.

A corporation that carries on more than one business must calculate the deduction, as well as the deductible portion of the incorporeal capital property, for each business.

Enclose form CO-130.B with form CO-17, *Déclaration de revenus des sociétés*.

For more information, refer to sections 105 to 110.1 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 Eligible incorporeal capital amount at the end of the taxation year

10	Eligible incorporeal capital amount at the end of the previous taxation year		
11	Transfer after the amalgamation or winding-up of a subsidiary corporation <sup>2</sup>		
12	Cost of incorporeal capital property acquired <sup>3</sup> during the year		
13	Other adjustments <sup>4</sup>		
14	Add lines 12 and 13.		
15	Deductible portion	<b>3/4</b>	
16	Multiply line 14 by 3/4.		
17	Tax-exempt portion of a capital gain <sup>5</sup> realized by a transferor not dealing at arm's length with the corporation, on the disposition of incorporeal capital property after December 20, 2002		
18	Deductible portion	<b>1/2</b>	
19	Multiply line 17 by 1/2.		
20	Subtract line 19 from line 16.		
21	Add lines 10, 11 and 20.		
22	Proceeds from the disposition of incorporeal capital property <sup>6</sup> during the year		
23	Disbursements and expenditures respecting the disposition		
24	Subtract line 23 from line 22.		
25	Gross amount used to reduce the eligible incorporeal capital amount, according to section 485.7 of the <i>Taxation Act</i>		
26	Other adjustments <sup>7</sup>		
27	Add lines 24, 25 and 26.		
28	Deductible portion	<b>3/4</b>	
29	Multiply line 27 by 3/4.		
30	Subtract line 29 from line 21. If the result is negative, <b>enter 0 on line 38</b> and go to Part 3. <b>Balance</b>		

**Deduction for the taxation year**

31	Balance of the eligible incorporeal capital amount, if the taxpayer does not own any incorporeal capital property of value further to the cessation of business operations
32	Amount from line 30 (if positive)
33	Amount from line 31
34	Subtract line 33 from line 32.
35	Percentage of the deduction <b>7%</b>
36	Multiply line 34 by 7%. <b>Deduction for the taxation year<sup>8</sup></b>
37	Add lines 31 and 36. Carry the result to line 110 of form CO-17.A-1.
38	Subtract line 37 from line 30 (the result cannot be negative). <b>Eligible incorporeal capital amount at the end of the taxation year</b>

**3 Amount (resulting from a disposition) to be included in the calculation of income**

40	Enter the amount from line 30 as if it were positive.	<b>A</b>
41	Amounts deducted with respect to incorporeal capital property for taxation years beginning after June 30, 1988	
42	Amounts that reduced the incorporeal capital amount for the current year or for previous years, according to section 485.7 of the <i>Taxation Act</i>	
43	Total of the amounts deducted with respect to incorporeal capital property for taxation years beginning before July 1, 1988	
44	Total of the negative amounts entered in the incorporeal capital property account and included in the calculation of income for taxation years beginning before July 1, 1988	
45	Subtract line 44 from line 43. If the result is negative, enter 0.	<b>B</b>
46	Add lines 41, 42 and 45.	
47	Amount included in income under paragraph (b) of section 105 of the <i>Taxation Act</i> (version applicable to taxation years ending after June 30, 1988, and before February 28, 2000), provided the amount was included on line 41	
48	Amounts D from CO-130.B forms filed for previous taxation years ended after February 27, 2000	
49	Add lines 47 and 48.	
50	Subtract line 49 from line 46.	<b>C</b>
51	Subtract line 50 from line 40.	
52	Amount B	
53	Portion used <b>1/2</b>	
54	Multiply line 52 by 1/2.	
55	Subtract line 54 from line 51. If the result is negative, enter 0.	
56	Portion to be used <b>2/3</b>	
57	Multiply line 55 by 2/3.	
58	Enter amount A or C, whichever is lower.	<b>D</b>
59	Add lines 57 and 58. Carry the result to one of lines 80a to 80l of form CO-17.A.1, <i>Revenu net fiscal</i> . <b>Amount (resulting from a disposition) to be included in the calculation of income</b>	

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1. The term "incorporeal capital property" refers to incorporeal property respecting which capital cost allowance cannot be claimed. Examples include
    - goodwill;
    - trademarks;
    - costs stemming from an incorporation or a corporate reorganization or amalgamation;
    - patents, franchises or licences of unlimited duration; and
    - governmental rights or permits.
  2. In the case of a corporate amalgamation, the cost of the incorporeal capital property of the newly formed corporation equals the cost amount of the incorporeal capital property (at the end of the taxation year) of the amalgamated corporations.

In the case of the winding-up of a corporation, the incorporeal capital property attributed to the parent corporation by a subsidiary is deemed to have been disposed of by the latter at the cost amount.

The cost amount of incorporeal capital property is equal to  $\frac{4}{3}$  of the proportion of the eligible incorporeal capital amount represented by the ratio between the fair market value of the incorporeal capital property and the fair market value of all of the taxpayer's incorporeal capital property with respect to the business.
  3. Where the vendor or other person referred to in section 106.1 of the *Taxation Act* obtained a capital gains exemption with respect to the gains realized on the disposition of incorporeal capital property, the cost of incorporeal capital property must be reduced to take this exemption into account.
  4. Enter the amount repaid with respect to assistance provided for under section 106.2 of the *Taxation Act*.
  5. The tax-exempt portion of the gain represents half of the capital gain realized by the transferor on the disposition of incorporeal capital property.
  6. Where a corporation disposes of incorporeal capital property (except goodwill or a type of property whose original cost cannot be determined) for proceeds that exceed its cost, the corporation may elect to have the proceeds of disposition deemed to be equal to the cost of the property. In such a case, the corporation must report a capital gain equal to the actual proceeds of disposition minus the cost of the property. This gain must be reported on schedule CO-17S.232, *État de l'aliénation d'immobilisations*, of the corporation income tax return.
  7. Enter the amount received or receivable as assistance under section 106.2 of the *Taxation Act*.
  8. You can claim any amount up to the maximum deduction of 7%. For a taxation year of less than 12 months, the maximum deductible amount must be prorated based on the ratio between the number of days in the taxation year and 365.