

Logging Operations Return

Before completing the return (form COZ-1179), be sure to read the section entitled "General information."

Type of return (check the appropriate box): Original Amended

1 Information about the corporation (please print)

1.1 Identification

Québec enterprise number (NEQ) Identification number File End date of the fiscal period covered by the return
Y Y Y Y M M D D

Name of corporation End date of previous fiscal period
Y Y Y Y M M D D

Address Postal code

Date of incorporation Location of incorporation Québec Canada Ontario Other
Y Y Y Y M M D D

1.2 Member of a partnership

If the corporation is filing the return solely as a member of one or more partnerships that carry on logging operations, go to line 74. Otherwise, continue below.

1.3 Location of registers and books of account

Address Postal code

2 Information about the logging operations

If you need more space, enclose a sheet with the requested information.

12 Start date of logging operations
Y Y Y Y M M D D

12a Has the corporation ceased its logging operations?..... Yes No

12b If you answered **Yes**, enter the date that the corporation ceased these operations.
Y Y Y Y M M D D

13 Type of logging operations:

14 Timber cut on the corporation's forest land or on timber limits granted to the corporation
 Name of limit holder, if applicable:

 Location of logging operations:

 Timber-cutting rights paid in respect of this location: \$
 Quantity of forest products¹ obtained at this location:
 If the corporation subcontracted the logging operations at the above-mentioned location, enclose a document containing the subcontractor's name and address and the amount paid to the subcontractor.

15 Timber cut on forest land not owned by the corporation or on timber limits not granted to the corporation
 Name and address of owner of land or of limit holder:

 Location of logging operations:
 Income from these logging operations: \$
 Quantity of forest products obtained at this location:

16 Sale of the following property: forest products, timber-cutting rights, timber limits and forest land (separate forest products from the other property sold)
 Name and address of purchaser:

 Type and quantity of forest products sold:

2 Information about the logging operations (continued)

17 Purchase of the following property: forest products, timber-cutting rights, timber limits and forest land (separate forest products from the other property purchased)

Name and address of seller:

[REDACTED]
[REDACTED]

Type and quantity of forest products purchased:

[REDACTED]

18 Location of logging operations not listed above

a. Township: [REDACTED]
County or district: [REDACTED]
b. Township: [REDACTED]
County or district: [REDACTED]

3 Income from logging operations

3.1 Net income from logging operations carried on in Québec

Check the box(es) that apply and complete the corresponding lines.

A – Cutting of standing timber in Québec or acquisition of forest products that were derived therefrom and sold in Québec

Gross income from the cutting, acquisition, transportation and sale of forest products	20	[REDACTED]
Related expenses (enclose an itemized statement of expenses related to the activities listed on line 20)	– 21	[REDACTED]
Subtract line 21 from line 20.		
Carry the result to line 68.	Net income (or net loss)² from logging operations = 22	[REDACTED]

B – Cutting of standing timber in Québec or acquisition of forest products that were derived therefrom and sold outside Québec³

Gross income from the cutting, acquisition, transportation and sale of forest products	23	[REDACTED]
Related expenses (enclose an itemized statement of expenses related to the activities listed on line 23)	– 24	[REDACTED]
Subtract line 24 from line 23.		
Carry the result to line 69.	Net income (or net loss)⁴ from logging operations = 25	[REDACTED]

C – Sale of forest land, timber limits⁵ or timber-cutting rights in Québec

Capital gains	26a	[REDACTED]	
Inclusion rate	× 26b	50%	
Multiply line 26a by 50%.			▶ 26 [REDACTED]
Gross income from the sale of forest land, timber limits or timber-cutting rights in Québec	27a	[REDACTED]	
Related expenses (enclose an itemized statement of expenses related to the activities listed on line 27a)	– 27b	[REDACTED]	
Subtract line 27b from line 27a.			▶ 27 [REDACTED]
Add lines 26 and 27.			
Carry the result to line 70.	Net income (or net loss)⁶ from logging operations = 28	[REDACTED]	[REDACTED]

D – Cutting of standing timber in Québec or acquisition of forest products that were derived therefrom and processed by or for the corporation in a sawmill, pulp or paper plant or other plant for the processing of forest products in Canada

Net income (or net loss) from all sources, calculated in accordance with Part I of the *Taxation Act*⁷ 29 [REDACTED]

Net losses calculated on lines 22, 25 and 28 (enter the amounts **as if** they were positive)

• Amount from line 22, if applicable	30	[REDACTED]	
• Amount from line 25, if applicable	+ 31	[REDACTED]	
• Amount from line 28, if applicable	+ 32	[REDACTED]	
Net losses from sources other than logging operations, the processing of forest products in Québec or the transportation and sale of timber, forest products and products derived therefrom (enter the amount as if it were positive)	+ 33	[REDACTED]	
Add lines 30 through 33.			▶ 34 [REDACTED]
Add lines 29 and 34.			= 35 [REDACTED]

3.1 Net income from logging operations carried on in Québec (continued)

Amount from line 35			35a	
Net income calculated on lines 22, 25 and 28				
• Amount from line 22, if applicable		36		
• Amount from line 25, if applicable	+	37		
• Amount from line 28, if applicable	+	38		
Net income from sources other than logging operations, the processing of forest products in Québec or the transportation and sale of timber, forest products and products derived therefrom	+	39		
Add lines 36 through 39.	=		▶	40
Subtract line 40 from line 35a. If the result is negative or nil, carry it to line 71 and go to Part 4.				41
				- 42
Allowance with respect to the original cost of depreciable property. Complete section 3.2.				= 43
Subtract line 42 from line 41.				- 44
Net income from logging operations carried on outside Québec. Complete section 3.3.				= 45
Subtract line 44 from line 43. Carry the result to line 71.				= 45

3.2 Allowance with respect to the original cost of depreciable property⁸

Capital invested in depreciable property			46	
Original cost of depreciable property				
Plants (buildings)				47
Machinery and equipment (plants)		48		
Office equipment and furniture (plants)	+	49		
Trolleys (plants)	+	50		
Power plant and transmission lines	+	51		
Loading docks (plants)	+	52		
Storage equipment (plants)	+	53		
Other processing equipment. Specify:	+	54		
Add lines 48 through 54.	=		▶	55
Add lines 47 and 55.				= 56
Amount from line 56	× 8%		▶	57
Amount from line 41	× 35%		▶	58
Amount from line 41	× 65%		▶	59
Enter the amount from line 57 or 58, whichever is greater , provided the amount does not exceed the amount on line 59. Carry this amount to line 42.				60

3.3 Net income from logging operations carried on outside Québec⁹

		Unit of measure used¹⁰														
		A ■ Cords (4 ft. × 8 ft. × 4 ft.) ■ Cunits ■ Cubic feet ■ Cubic metres	B Board feet													
Quantity of standing timber cut outside Québec			61													
Quantity of forest products acquired that were derived from standing timber cut outside Québec	+		62													
Add lines 61 and 62.			= 63													
Quantity of standing timber cut in Québec	+	64														
Quantity of forest products acquired that were derived from standing timber cut in Québec	+	65														
Add lines 63 through 65.			= 66													
<table border="0" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 20%; text-align: center;">Net income from logging operations</td> <td style="width: 10%; text-align: center;">×</td> <td style="width: 30%; text-align: center;">Quantity from operations carried on outside Québec</td> <td style="width: 10%; text-align: center;">÷</td> <td style="width: 20%; text-align: center;">Total quantity</td> <td style="width: 10%;"></td> </tr> <tr> <td style="text-align: center;">(line 43)</td> <td></td> <td style="text-align: center;">(line 63, col. A or B)</td> <td></td> <td style="text-align: center;">(line 66, col. A or B)</td> <td style="text-align: right;">▶</td> </tr> </table>					Net income from logging operations	×	Quantity from operations carried on outside Québec	÷	Total quantity		(line 43)		(line 63, col. A or B)		(line 66, col. A or B)	▶
Net income from logging operations	×	Quantity from operations carried on outside Québec	÷	Total quantity												
(line 43)		(line 63, col. A or B)		(line 66, col. A or B)	▶											
Carry the amount on line 67 to line 44.																
Net income from logging operations carried on outside Québec				67												

4 Total income from logging operations

		A Income	B Losses	
Amount from line 22				
Amount from line 25	+			
Amount from line 28	+			
Amount from line 41 or 45, as applicable	+			
Add the amounts of income in column A and the losses in column B, then subtract the total losses from the total income.	=		-	Total income (or total loss) from logging operations

5 Logging tax payable

The corporation's income on which the logging tax is calculated ¹¹		73	10%
If the corporation is a member of one or more partnerships that carry on logging operations, enter on line 74 the aggregate of the corporation's share of each partnership's total income from logging operations, and enclose a duly completed copy of form TP-1179.S-V for each partnership. If the aggregate of the corporation's share is a loss, enter 0.	+	74	
Add lines 73 and 74.	=	75	
Tax rate	×	76	
Multiply the amount on line 75 by 10%. Logging tax payable before reduction	=	77	
Reduction of the logging tax payable or carry-over of the reduction. ¹² Enclose the calculations and check the appropriate box.			
78a <input type="checkbox"/> Reduction of the logging tax payable for the taxation year			
78b <input type="checkbox"/> Carry-over of the reduction to a subsequent taxation year			
If you checked box 78a, enter the amount of the reduction on line 78. If you checked box 78b, leave line 78 blank.	-	78	
Subtract line 78 from line 77. Logging tax payable	=	79	

6 Refund or balance due

Logging tax payable (amount on line 79)		80
Logging tax paid in instalments by a corporation		
<ul style="list-style-type: none"> that carries on logging operations that is a member of one or more partnerships that carry on logging operations 	+	81 82
Add lines 81 and 82.	=	83
Subtract line 83 from line 80. Refund or balance due	=	84
Amount from line 84, if it is negative		85
Amount from line 84, if it is positive		86
Make your cheque or money order payable to the Minister of Revenue of Québec. Payment enclosed		87

7 Other information

Income tax payable according of line 422a of the Québec income tax return	88
Income tax payable according to the federal income tax return before the federal logging tax credit is applied	89
Taxable income according to the federal income tax return	90
Income from logging operations calculated for federal income tax purposes	91

8 Certification

I certify that all of the information provided in the return, in the financial statements and in any other attached documents is accurate and complete.

<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Name of the authorized representative (please print)	Title or position	Area code	Telephone	Extension
<input type="text"/>	<input type="text"/>			
Signature of the authorized representative	Date			

Notes

1. If the logging operations are carried on in a taxation year ending after December 19, 2002, forest products do not include wood chips.
2. The net income (or net loss) must be determined in accordance with Part I of the *Taxation Act*.
3. The Minister of Revenue of Québec may determine the value of forest products sold outside Québec.
4. See note 2.
5. In the case of the sale or deemed disposition of forest land or a timber limit that took place after December 19, 2002, only the income attributable to standing timber is to be included in the calculation of income from logging operations. This income is taxed either as business income or as a capital gain, in accordance with Part I of the *Taxation Act*.
6. See note 2.
7. Please provide a statement in which the net income according to the financial statements is reconciled with the net income determined in accordance with Part I of the *Taxation Act*.
8. The property in question is depreciable property used in the year for the processing of forest products or of products derived from forest products.
9. This is the portion of the net income pertaining to the quantity of standing timber cut outside Québec and to the quantity of forest products acquired that were derived from the standing timber.
10. All quantities for a given forest product must be expressed using the same unit of measure.
11. For a taxation year beginning before March 18, 2016, enter on line 73 the total income from logging operations (amount on line 72) if:
 - there are 12 months in the taxation year and the amount on line 72 exceeds \$10,000; or
 - there are fewer than 12 months in the taxation year and the amount on line 72 exceeds the amount obtained by dividing the number of days in the taxation year by 365 and multiplying the result by \$10,000.

Otherwise, enter 0 on line 73.

For a taxation year beginning after March 17, 2016, enter on line 73 the total income from logging operations (amount on line 72) if:

- there are 12 months in the taxation year and the amount on line 72 exceeds \$65,000; or
- there are fewer than 12 months in the taxation year and the amount on line 72 exceeds the amount obtained by dividing the number of days in the taxation year by 365 and multiplying the result by \$65,000.

Otherwise, enter 0 on line 73.

12. Under the *Taxation Act* and the *Income Tax Act*, a corporation can deduct:
 - on line 423 of the Québec income tax return, the **lesser** of the following amounts:
 - the income tax payable,
 - 1/3 of the logging tax payable before the reduction, or that would be payable (see the paragraph below); and
 - on line 640 of the federal income tax return, the **least** of the following amounts:
 - the income tax payable,
 - 2/3 of the logging tax payable,
 - 6 2/3% of the income from logging operations,
 - 6 2/3% of taxable income.

If the logging tax payable before the reduction (line 77) exceeds the amount of the deductions determined under the *Taxation Act* and the *Income Tax Act*, the excess amount must be used to reduce the logging tax payable for that year, provided the reduction does not reduce the amount deducted for the year in the federal income tax return, calculated as described in the paragraph above. If this condition is not met, the excess amount must be claimed as an additional deduction with respect to the Québec income tax payable for the taxation year covered by this return or for a subsequent taxation year.

General information

Which corporations are required to complete the logging operations return?

The return is to be completed by any corporation that carries on logging operations, or that is a member of one or more partnerships that carry on logging operations.

Multiple logging operations

Where the same corporation carries on two or more logging operations as owner, lessee or operator, or where the same corporation derives income from two or more logging operations, these logging operations are deemed to constitute a single logging operation, and not separate operations.

Affiliated or associated corporations

Where logging operations are carried on by two or more affiliated or associated corporations under the same general management, or where most of the profit from logging operations accrues to the same shareholders, the income of each corporation is considered to be the income of one single corporation.

Obligation to file the return

A copy of the return must be filed for each taxation year by a corporation that carries on logging operations, or that is a member of one or more partnerships that carry on logging operations, regardless of whether the corporation has logging tax payable.

Liability

For a taxation year beginning before March 18, 2016, a corporation must pay tax equal to 10% of the aggregate of the following amounts:

- Its total income from logging operations, if the income exceeds \$10,000. If there are fewer than 12 months in the corporation's taxation year, the \$10,000 threshold must be multiplied by the result obtained by dividing the number of days in the taxation year by 365. The corporation's total income is calculated on line 72 of the return.
- Its share of a partnership's total income from logging operations for the partnership's fiscal period ending in the taxation year covered by the return, if the income exceeds \$10,000. The partnership's total income is calculated on form TP-1179.S-V, *Partnership Income from Logging Operations*.

For a taxation year beginning after March 17, 2016, a corporation must pay tax equal to 10% of the aggregate of the following amounts:

- Its total income from logging operations, if the income exceeds \$65,000. If there are fewer than 12 months in the corporation's taxation year, the \$65,000 threshold must be multiplied by the result obtained by dividing the number of days in the taxation year by 365. The corporation's total income is calculated on line 72 of the return.
- Its share of a partnership's total income from logging operations for the partnership's fiscal period ending in the taxation year covered by the return, if the income exceeds \$65,000. The partnership's total income is calculated on form TP-1179.S-V, *Partnership Income from Logging Operations*.

Payment of the logging tax

The logging tax must be paid as follows:

- one-half of the estimated logging tax for the taxation year, not later than the last day of the taxation year (instalment);
- the balance of the estimated logging tax for the taxation year, not later than the last day of the two-month period that ends after the end of the taxation year.

Interest on an instalment

Interest compounded daily at the rate determined by regulation is charged on any instalment (or portion thereof) that is not paid by the due date. Additional interest of 10% per annum, compounded daily, is charged on any instalment (or portion thereof) that is not paid by the due date, except where the amount paid corresponds to at least 90% of the amount required.

Interest accrues from the last day of the taxation year to the date the instalment was paid or to the due date for paying the balance of tax, whichever is earlier.

Interest on the balance

Interest compounded daily at the rate determined by regulation is charged on any unpaid balance of tax for the period from the due date for paying the balance of tax to the date of payment.

Filing deadline

A duly completed copy of the return must be submitted to us, together with any required documents, not later than six months following the end of the taxation year.

Penalty

Every corporation that files the return late is liable to a 5% penalty on the balance not paid by the due date, and to an additional 1% penalty for every month the return is late, to a maximum of 12 months.

Required documents

The following documents must be enclosed with the return, as applicable:

- the balance sheet, the income statement and, if applicable, the other financial statements;
- the tables showing continuity of depreciable property and the capital cost of each property;
- a list of investments and a table showing the annual income derived from the investments;
- an itemized list of assets that were purchased from or sold to shareholders or associated corporations showing the price paid in each case;
- a duly completed copy of form TP-1179.S-V for each partnership, and the documents specified on the form (in the case of a corporation that is a member of one or more partnerships that carry on logging operations);
- the schedules.

Where an amount entered in the return does not correspond to the information appearing on the enclosed document or documents, a reconciliation must be done on a separate sheet enclosed with the return.

Mailing the return

Mail a duly completed copy of the return, together with any required documents, to us at the following address: 3800, rue de Marly, Québec (Québec) G1X 4A5.

You can contact us at one of the following numbers:

- 418 659-4692 (Québec City area)
- 514 873-4692 (Montréal area)
- 1 800 567-4692 (toll-free)

Definitions

Forest products

Logs, even if flatted, railway ties and spoolwood.

Logging operations

The activities described in section 3.1 of the return.

Timber resource property

The right or licence to cut or to remove timber from a timber limit or territory in Canada. In the return, a timber resource property is also considered to be a timber limit.