

Income Averaging for Forest Producers 2017

Complete this form if, at the end of the year, you are either:

- a certified forest producer pursuant to the *Sustainable Forest Development Act* in respect of a private forest; or
- a member of a partnership that is a certified forest producer in respect of a private forest at the end of the partnership's fiscal period ending in the year concerned.

You can request to have a portion of the net income from certified commercial activities averaged over a period not exceeding **seven years**.¹ More specifically, averaging involves:

- **deducting**, in calculating your taxable income for each of 2016, 2017, 2018, 2019 and 2020, an amount not exceeding 85% of the lesser of \$200,000 and your net income for the year, including your share of the net income from a partnership of which you are a member (where applicable);
- **including**, in calculating your taxable income for one or more of the seven years following the year in which the deduction was granted, all or a portion of at least 10% of the amount deducted. You must have included the total amount deducted in your taxable income no later than the seventh year following the year in which the deduction was granted.

To qualify for the income-averaging measure, the income must have been realized in a partnership's year or fiscal period ending after **March 17, 2016**, but no later than December 31, 2020.

Moreover, you must include any portion of the amount granted as a deduction that has not yet been included, in the calculation of your taxable income for:

- the year in which you disposed of the private forest;
- the year in which you ceased to be a member of the partnership;
- the year that includes the end date of the fiscal period in which the partnership disposed of the private forest.

Contact us for more information.

This measure does not affect the tax on logging operations. You must continue to include the total income generated by the sale of timber from a private forest in calculating the income for the year in which the logging operations were carried out.

Important information

- Complete Part 2 on a separate copy of the form for **each** private forest in respect of which the deduction is being claimed. Complete Part 3 on a single copy of the form for all the private forests.
- Enclose with your 2017 income tax return all copies of the form completed and a copy of any valid forest producer's certificate issued pursuant to the *Sustainable Forest Development Act*.

1 Information about the applicant

1 Last name and first name of the individual, or name of the trust, business or partnership

2 End date of fiscal period

3 Social insurance number

4 Identification number (if you are the sole proprietor) File **T Q**

5 Identification number (if you are a trustee)

6 Identification number of the partnership (if you are a member of a partnership) File **S P**

2 Income or loss from certified commercial activities

Complete line 7 and section 2.1 or section 2.2, as applicable, on a separate copy of this form for each private forest in respect of which the deduction is being claimed.

7 Location of the private forest

2.1 Net income from certified commercial activities

Net income from certified commercial activities for 2017 relating to the private forest you operate as a certified forest producer	10	
Your share of the income from the partnership of which you are a member that is derived from certified commercial activities for 2017 relating to the private forest that the partnership operates as a certified forest producer	+	11
Add lines 10 and 11.		Net income from certified commercial activities = 12

2.2 Perte nette provenant d'activités marchandes reconnues

Net loss from certified commercial activities for 2017 relating to the private forest you operate as a certified forest producer. Enter the amount without a minus sign (-).	13	
Your share of the losses from the partnership of which you are a member that are derived from certified commercial activities for 2017 relating to the private forest that the partnership operates as a certified forest producer. Enter the amount without a minus sign (-).	+	14
Add lines 13 and 14.		Net loss from certified commercial activities = 15

1. The expression "certified commercial activities" refers to the non-retail sales of timber from a private forest to a purchaser with an establishment in Québec. The sale of firewood to an individual is not considered to be a certified commercial activity.



145H ZZ 49525372

3 Income giving entitlement to the deduction

Complete Part 3 only once for all the private forests.

Total of the amounts on line 12 of all the copies of the form completed	16	
Total of the amounts on line 15 of all the copies of the form completed	17	
Subtract line 17 from line 16. If the result is negative , enter 0.		
Income giving entitlement to the deduction	18	

4 Deduction for income averaging for a forest producer claimed for 2017

Amount from line 18 (maximum: \$200,000)	20	
	×	85%
Multiply line 20 by 85%.		
Maximum deduction for income averaging for a forest producer for 2017	21	
Amount on line 21 or portion of that amount that you are claiming as a deduction. Carry this amount to line 297 of your income tax return. In the case of a trust, carry the amount to line 94 of the <i>Trust Income Tax Return</i> (form TP-646-V).		
Deduction for income averaging for a forest producer for 2017	22	

5 Amount to include in your taxable income for 2017

You **must** include all or at least 10% of the amount deducted in 2016 in your taxable income for 2017.

Amount deducted in 2016 (line 297, point 21, of your income tax return or, in the case of a trust, line 94 of form TP-646-V, <i>Trust Income Tax Return</i>)	30	
Amount (or portion of the amount) from line 30 that you are including on line 276 of your income tax return or, in the case of a trust, on line 98.1 of form TP-646-V. If you are completing more than one copy of form TP-726.30-V, enter on line 276 of your income tax return or, in the case of a trust, on line 98.1 of form TP-646-V, the total of the amounts from line 36.		
Amount to include in your taxable income for 2017	36	

6 Amount to include in your taxable income in subsequent years

	A		B		C
	Amount from lines 30 and 22 of this form		Amount or portion of the amount in column A included in your taxable income for 2017		Amount to include in your taxable income in subsequent years (col. A – col. B)
40 Amount for 2016	(30)				
41 Amount for 2017	(22)	+		+	
42 Total (the amount in column B must be equal to the amount on line 36)		=		=	

