

Income Averaging for Forest Producers **2019**

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 from certified commercial activities for the year, including your share of the net income from certified commercial activities of 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, 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 2019 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

Last name and first name of the individual, or name of the trust, business or partnership End date of fiscal period

1 _____ **2** _____
Y Y Y Y M M D D

Social insurance number Identification number (if you are the sole proprietor) File Identification number (if you are a trustee)

3 _____ **4** _____ **T, Q** _____ **5** _____

Identification number of the partnership (if you are a member of a partnership) File

6 _____ **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.

Location of the private forest

7 _____

2.1 Net income from certified commercial activities

Net income from certified commercial activities for 2019 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 2019 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 Net loss from certified commercial activities

Net loss from certified commercial activities for 2019 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 2019 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.



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

Total of the amounts on line 15 of all the copies of the form completed

Subtract line 17 from line 16. If the result is **negative**, enter 0.

Income giving entitlement to the deduction

16		
17		
18		

4 Deduction for income averaging for a forest producer claimed for 2019

Amount from line 18 (**maximum: \$200,000**)

Multiply line 20 by 85%.

Maximum deduction for income averaging for a forest producer for 2019

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 *Trust Income Tax Return* (form TP-646-V).

Deduction for income averaging for a forest producer for 2019

20		
	85%	
21		
22		

5 Amounts deducted in previous years

Amount deducted in **2016** (line 22 of form TP-726.30-V for 2016)

Amount deducted in **2017** (line 22 of form TP-726.30-V for 2017)

Amount deducted in **2018** (line 22 of form TP-726.30-V for 2018)

23		
24		
25		

6 Amount to include in your taxable income for 2019

You **must** include **at least 10%** of the amounts deducted in 2016, 2017 and 2018 in your taxable income for 2019.

Amount from line 70 in column C on form TP-726.30-V for 2018

Amount for **2016** (all **or** part of the amount on line 29)

Amount from line 23

× **10%** ▶

Enter the amount from line 30 or line 31, whichever is **greater** (without exceeding the amount on line 29).

Amount from line 71 in column C on form TP-726.30-V for 2018

Amount for **2017** (all **or** part of the amount on line 33)

Amount from line 24

× **10%** ▶

Enter the amount from line 34 or line 35, whichever is **greater** (without exceeding the amount on line 33).

Amount from line 72 in column C on form TP-726.30-V for 2018

Amount for **2018** (all **or** part of the amount on line 37)

Amount from line 25

× **10%** ▶

Enter the amount from line 38 or line 39, whichever is **greater** (without exceeding the amount on line 37).

Add lines 32, 36 and 40.

Enter the result on line 276 of your income tax return or, in the case of a trust, on line 98.1 of form TP-646-V.

Amount to include in your taxable income for 2019

29		
30		
31		
32		
33		
34		
35		
36		
37		
38		
39		
40		
65		

7 Amount to include in your taxable income in subsequent years

	A Amount from line 29, 33, 37 or 22	B Amount from line 32, 36 or 40	C Amount to include in your taxable income in subsequent years (col. A – col. B)
70 Amount for 2016	(29)	(32)	
71 Amount for 2017	(33)	(36)	
72 Amount for 2018	(37)	(40)	
73 Amount for 2019	(22)	0 00	

