

Income Averaging for Forest Producers **2021**

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 activities¹ averaged:

- over a period not exceeding **seven years** if the income is from sales made before March 10, 2020;
- over a period not exceeding **ten years** if the income is from sales made after March 9, 2020.

More specifically, averaging involves:

- **deducting**, in calculating your taxable income an amount not exceeding 85% of **the lesser of \$200,000 or 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 or the ten years following the year in which the deduction was granted, at least 10% of the amount deducted. If you can average your income from certified commercial activities over a period not exceeding seven years, 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 year (or in a partnership's fiscal period) ending after **March 17, 2016**, but no later than December 31, 2025.

Moreover, you must include any portion of the amount deducted 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

- Complete Part 2 on a separate copy of the form for **each** private forest. Complete Part 3 on a single copy of the form for all the private forests.
- Enclose with your 2021 income tax return all copies of the form and a copy of any valid forest producer's certificate issued pursuant to the *Sustainable Forest Development Act*.

1 Information about the applicant

<p>Last name and first name of the individual, or name of the trust, business or partnership</p> <div style="border: 1px solid black; padding: 2px;"> 1 </div>	<p>End date of fiscal period</p> <div style="border: 1px solid black; padding: 2px;"> 2 <table border="1" style="width: 100%; text-align: center; font-size: small;"> <tr> <td>Y</td><td>Y</td><td>Y</td><td>Y</td><td>M</td><td>M</td><td>D</td><td>D</td> </tr> </table> </div>	Y	Y	Y	Y	M	M	D	D
Y	Y	Y	Y	M	M	D	D		
<p>Social insurance number</p> <div style="border: 1px solid black; padding: 2px;"> 3 </div>	<p>Identification number (if you are the sole proprietor)</p> <div style="border: 1px solid black; padding: 2px;"> 4 </div>	<p>File</p> <div style="border: 1px solid black; padding: 2px;"> T Q </div>	<p>Identification number (if you are a trustee)</p> <div style="border: 1px solid black; padding: 2px;"> 5 </div>						
<p>Identification number of the partnership (if you are a member of a partnership)</p> <div style="border: 1px solid black; padding: 2px;"> 6 </div>									
<p>File</p> <div style="border: 1px solid black; padding: 2px;"> S P </div>									

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.

Location of the private forest

7

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.



2.1 Net income from certified commercial activities

Net income for 2021 from certified commercial activities (sales made before March 10, 2020) related to the private forest you operate as a certified forest producer

10.1		
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Your share for 2021 of the income from the partnership of which you are a member that is derived from certified commercial activities (sales made before March 10, 2020) related to the private forest that the partnership operates as a certified forest producer

+ 11.1		
= 12.1		

Add lines 10.1 and 11.1.

Net income for 2021 from certified commercial activities (sales made after March 9, 2020) related to the private forest you operate as a certified forest producer

10.2		
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Your share for 2021 of the income from the partnership of which you are a member that is derived from certified commercial activities (sales made after March 9, 2020) related to the private forest that the partnership operates as a certified forest producer

+ 11.2		
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Add lines 10.2 and 11.2.

+ 12.2		
= 12		

Add lines 12.1 and 12.2.

Net income from certified commercial activities

2.2 Net loss from certified commercial activities

Net loss for 2021 from certified commercial activities (sales made before March 10, 2020) related to the private forest you operate as a certified forest producer. Enter the amount without a minus sign (-).

13.1		
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Your share for 2021 of the losses from the partnership of which you are a member that are derived from certified commercial activities (sales made before March 10, 2020) related to the private forest that the partnership operates as a certified forest producer. Enter the amount without a minus sign (-).

+ 14.1		
= 15.1		

Add lines 13.1 and 14.1.

Net loss for 2021 from certified commercial activities (sales made after March 9, 2020) related to the private forest that you operate as a certified forest producer. Enter the amount without a minus sign (-).

13.2		
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Your share for 2021 of the losses from the partnership of which you are a member that is derived from certified commercial activities (sales made after March 9, 2020) related to the private forest that the partnership operates as a certified forest producer. Enter the amount without a minus sign (-).

+ 14.2		
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Add lines 13.2 and 14.2.

+ 15.2		
= 15		

Add lines 15.1 and 15.2.

Net loss from certified commercial activities

3 Income giving entitlement to the deduction

Complete Part 3 only once for all the private forests.

Total of the amounts on line 12.1 of all the copies of the form completed

16.1		
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Total of the amounts on line 15.1 of all the copies of the form completed

- 16.2		
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Subtract line 16.2 from line 16.1.

Income or loss from sales made before March 10, 2020

= 18.1		
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Total of the amounts on line 12.2 of all copies of this form

17.1		
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Total of the amounts on line 15.2 of all copies of this form

- 17.2		
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Subtract line 17.2 from line 17.1.

Income or loss from sales made after March 9, 2020

+ 18.2		
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Add lines 18.1 and 18.2. If the result is negative, enter 0.

Income giving entitlement to the deduction

= 18		
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4 Deduction for income averaging for a forest producer claimed for 2021

Amount from line 18 (maximum: \$200,000)	20				
		85%			
Multiply line 20 by 85%. Maximum deduction for income averaging for a forest producer for 2021	×	21			
Amount from line 18.1		20.1			
Amount from line 18	÷	20.2			
Divide line 20.1 by line 20.2. If the result is greater than 1, enter 1. If the result is less than 0, enter 0.	=			▶	20.3
Multiply line 21 by line 20.3.	×	21.1			
Amount to include in the deduction (all or part of the amount from line 21.1). The amount can be averaged over seven years.		22.1			
Amount from line 21		20.9			
Amount from line 18.2		20.6			
Amount from line 18	÷	20.7			
Divide line 20.6 by line 20.7. If the result is greater than 1, enter 1. If the result is less than 0, enter 0.	=			×	20.8
Multiply line 20.9 by line 20.8.	×	21.2			
Amount to include in the deduction (all or part of the amount from line 21.2). The amount can be averaged over ten years.	+	22.2			
Add lines 22.1 and 22.2.					
Carry the result to line 297 of your income tax return. In the case of a trust, carry the result to line 94 of the <i>Trust Income Tax Return</i> (TP-646-V).					
Deduction for income averaging for a forest producer for 2021	=	22			

5 Amounts deducted in previous years

Amount deducted in 2016 (line 22 of form TP-726.30-V for 2016)	23				
Amount deducted in 2017 (line 22 of form TP-726.30-V for 2017)	24				
Amount deducted in 2018 (line 22 of form TP-726.30-V for 2018)	25				
Amount deducted in 2019 (line 22 of form TP-726.30-V for 2019)	26				
Amounts deducted in 2020					
• Line 22.1 of form TP-726.30-V completed for 2020	27				
• Line 22.2 of form TP-726.30-V completed for 2020	28				



6 Amount to include in your taxable income for 2021

You **must** include **at least 10%** of the amounts deducted in 2016 through 2020 in your taxable income for 2021.

Amount from line 70 in column C on form TP-726.30-V for 2020	29				
Amount for 2016 (all or part of the amount on line 29)	30				
Amount from line 23	31		× 10% ▶		
Enter the amount from line 30 or line 31, whichever is greater (without exceeding the amount on line 29).					32
Amount from line 71 in column C on form TP-726.30-V for 2020	33				
Amount for 2017 (all or part of the amount on line 33)	34				
Amount from line 24	35		× 10% ▶		
Enter the amount from line 34 or line 35, whichever is greater (without exceeding the amount on line 33).					+ 36
Amount from line 72 in column C on form TP-726.30-V for 2020	37				
Amount for 2018 (all or part of the amount on line 37)	38				
Amount from line 25	39		× 10% ▶		
Enter the amount from line 38 or line 39, whichever is greater (without exceeding the amount on line 37).					+ 40
Amount from line 73 (column C) of form TP-726.30-V for 2020	41				
Amount for 2019 (all or part of the amount from line 41)	42				
Amount from line 26	43		× 10% ▶		
Enter the amount from line 42 or line 43, whichever is greater (without exceeding the amount on line 41).					+ 44
Amount from line 74 in column C on form TP-726.30-V for 2020	45				
Amount for 2020 (all or part of the amount from line 45)	46				
Amount from line 27	47		× 10% ▶		
Enter the amount from line 46 or line 47, whichever is greater (without exceeding the amount on line 45).					+ 48
Amount from line 80 in column C of form TP-726.30-V for 2020	49				
Amount for 2020 (all or part of the amount from line 49)	50				
Amount from line 28	51		× 10% ▶		
Enter the amount from line 50 or line 51, whichever is greater (without exceeding the amount on line 49).					+ 52
Add lines 32, 36, 40, 44, 48 and 52.					
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 2021					= 65



7 Amount to include in your taxable income in subsequent years

7.1 Amounts that can be averaged over seven years

		A		B		C	
		Amount from line 29, 33, 37, 41, 45 or 22.1		Amount from line 32, 36, 40, 44 or 48		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	(41)		–	(44)		=
74	Amount for 2020	(45)		–	(48)		=
75	Amount for 2021	(22.1)		–		0 00	=

7.2 Amounts that can be averaged over 10 years

		A		B		C	
		Amount from line 49 or 22.2		Amount from line 52		Amount to include in your taxable income in subsequent years (col. A – col. B)	
80	Amount for 2020	(49)		–	(52)		=
81	Amount for 2021	(22.2)		–		0 00	=

